

WORLD NEWS

World Cup  
upset for  
Argentina

Football's World Cup opened in Italy with a surprise defeat for title holders Argentina. They were beaten 1-0 by Cameroon even though the Africans' team was reduced to nine players.

Cameroon clinched victory in the 66th minute of the Milan match with a goal by François Omam-Biyik. Cameroon defenders Andrea Kama Biyik and Benjamin Masing were sent off for fouls.

The two teams are in Group B in the first round of the 24-nation tournament, with the Soviet Union and Romania. Italy dreams of keeping Cup, Page 2; Underdog's chance, Weekend FT, Page XXIV

Nato woods Moscow

Nato foreign ministers meeting in Turin, Italy, clearly signalled to the Soviet Union that the western alliance is ready to join the Warsaw Pact in building a new, peaceful order in Europe. Page 24

Shamir forms coalition

Israeli Prime Minister Yitzhak Shamir formed a strongly right-wing government. The deal, finally signed with right-wing and religious parties and independent MPs, calls for expanded Jewish settlement of the occupied territories. Page 34

Mandela health fears

Nelson Mandela, 71-year-old Deputy President of the African National Congress, may have to curb his heavy foreign travel schedule to conserve his strength. After cancelling a Geneva meeting at short notice, he conceded he might have to trim a schedule covering 13 countries in six weeks. Page 24

Guilty of aiding IRA

Nicholas Mullen, 42, was jailed for 30 years at the Old Bailey in London for helping IRA terrorists prepare their 1988 bombing campaign on mainland Britain. A second man, Edmund Wadley, was acquitted. Page 3

First made arrested

Anthony Gregory, 42, first mate of the British tanker which split oil in New York harbour, was charged in the US with being drugged or drunk while operating the Nautilus, which ran aground on Thursday. Page 3

Let's own bombed

A caller claiming to represent an animal rights group said it planted a bomb which exploded under the car of a vet from the Chemical Defence Establishment at Porton Down, Wiltshire. Mrs Margaret Basserville jumped to safety, unaware when the device blew up as she reversed her vehicle. Page 3

Peking students warned

A Chinese Communist Party official gave Peking University students a veiled warning that future campus unrest would be put down by police. Hundreds rallied last Sunday to mark the anniversary of last year's crackdown on the pro-democracy movement. In Hong Kong, the mayor of Shanghai was heckled on arrival at the airport by students chanting "China has buried the truth."

Ravenscroft jobs

British Steel chief executive Martin Llewellyn said the company would not reconsider its decision to axe 770 jobs at the Ravenscroft works in Scotland. Scottish Secretary Malcolm Rifkind said: "We are still hoping to persuade British Steel to change their mind."

AIDS theory changes

Professor Luc Montagnier, co-discoverer of HIV, believes people infected with the virus may not develop AIDS unless they are also exposed to bacterial infections.

Wet Test

Only 24 minutes' play were possible on the second day of the New Zealand-England Test. New Zealand were 188 for six.

BUSINESS SUMMARY

Kumagai Gumi  
to focus on  
home market

Kumagai Gumi of Japan, one of the world's largest construction companies, is to sell ¥1,125bn (\$4.35bn) of its overseas properties in the next five years, including developments in the UK, Australia, and the US.

The company said proceeds would be reinvested in other developments. It has previously indicated foreign projects would fall as a percentage of sales because margins are better in the domestic market. Page 24; Lex, Page 24

JAPAN welcomed the liberalisation of technology exports to the Soviet Union and eastern Europe but will tighten its monitoring of sensitive technology still on the prohibited export list. Page 3

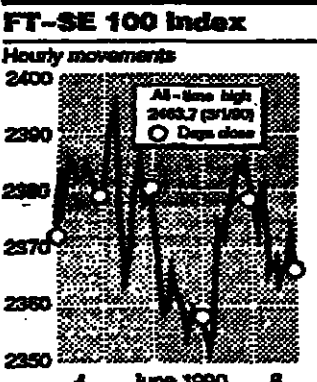
BANK OF CREDIT and Commerce International has been accused by the Inland Revenue of filing incorrect returns for composite rate tax, payable on the interest-bearing accounts of depositors resident in the UK. Page 3

ATTWOODS, waste disposal company which has much of its business in the US, is making an \$22m cash call on shareholders to eliminate its debt burden. Page 10; Lex, Page 24

JAPANESE Government's ¥66,236bn (\$261bn) budget for the current fiscal year, the first without a deficit in 15 years, has been enacted despite its anticipated rejection by the upper house of the Diet (parliament). Page 3

LONDON STOCKS: The FT-SE 100 index drifted down by 4.8 points this week as Wall Street's rise has slowed down and the London market has faced some poor corporate results and re-evaluation announcements. It finished up 19.9 on Friday at 2,378.4. London Stock Exchange, Page 15; Lex, Page 24

FT-SE 100 index



Hourly movements  
2400  
2390  
2380  
2370  
2360  
2350  
4 June 1990 8

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CYPRUS SEMICONDUCTOR

US chip maker, has signed a letter of intent to license semiconductor technology from the Soviet Union, in what is believed to be the first agreement of its kind. Page 12

GENERAL MOTORS, US

vehicle manufacturer, is to transfer some car assembly from West Germany to the Saab car plant in Finland to cut some of Saab's mounting losses. Page 12

POLAND: Sales in key sectors

in Poland, including the chemical, machine and light industries, grew last month for the first time since the introduction of an anti-inflation programme which produced an overall 30 per cent recession in the economy. Page 2

DAF, Dutch commercial

vehicle maker, is expanding United Bus, its majority-owned bus and coach subsidiary, with the takeover of Den Ouden, a Dutch bus body builder. Page 12

BRITISH COAL and Scottish

Power, formerly the South of Scotland Electricity Board, proposed an agreement to end their long-running dispute over coal supplies to power stations. Page 3

BRITISH GAS: Gas Consumers

Council called for lower prices for domestic and small business consumers from British Gas. Page 3

Russians issue formidable  
challenge to Soviet leaders

By Quentin Peel in Moscow

THE PARLIAMENT of the Russian Federation, the heart of the Soviet Union, yesterday threw down the most formidable challenge yet to the power of President Mikhail Gorbachev and the central government by declaring its laws and constitution superior to Soviet laws.

The extraordinary move by a clear majority in the Russian congress of deputies, presided over by Mr Boris Yeltsin, Mr Gorbachev's greatest personal rival for power, presents the Soviet president with a constitutional dilemma potentially more intractable than the attempted secession of the Baltic republics.

Mr Gorbachev reacted last night with a plea for national unity and a call on the Russian population to remember their history and traditions, rejecting any confrontation with other nationalities.

"Russians will not tolerate a situation where someone would try and push them towards confrontation," he said. At the same time the "national consensus" to agree on the country's ever more urgent economic reforms; held out a cautious olive branch to Mr Yeltsin; and appeared to distance himself from the unpopular economic reform plans tabled by Mr Nikolai Rykhov, his own prime minister.

Speculation is rife in the Soviet capital that Mr Gorbachev will move to replace Mr Rykhov in the foreseeable future, with an alternative prime minister heading a government of national consensus committed to pushing through more radical economic reform. Yesterday, however, he nei-

ther firmly endorsed nor clearly dismissed the Rykhov reform package, which seeks to raise basic food and energy prices across the board, as the first step in the transition to a market economy.

The immediate challenge to the Soviet leader comes from the Russian congress of deputies which voted by 544 to 371 in favour of a declaration proclaiming "the supremacy of the constitution of the Russian Federation and laws of the Russian Federation of the whole of its territory."

The statement is the fundamental article of a longer declaration on the state sovereignty of the Russian Federation, a composite motion agreed by a coalition of forces in the new parliament to assert its authority over the central government. The rest of the declaration, including a call for

"full command of Russia's natural wealth" and the right to open its own embassies in foreign countries, will be debated next week.

The entire relationship between the 15 Soviet republics will be debated today at a full meeting of the President's federal council.

Almost all the republics now have newly-elected parliaments, determined to wrest more power from Moscow, whether outright independence or simply far greater legal and budgetary autonomy.

The other important challenge for Mr Gorbachev is to maintain the pace of his economic reforms towards a market economy - which he reiterated yesterday was an irreversible move - without arousing a furious public backlash. Gorbachev warned over Kirghizia, Page 2



Mrs Thatcher with Red Army officers during a ceremony at the Tomb of the Unknown Soldier in Moscow

Gorbachev to seek new Nato relationship

By Philip Stephens and Quentin Peel

MR MIKHAIL Gorbachev, the Soviet President, yesterday signalled that he was seeking a "new relationship" between the North Atlantic Treaty Organisation and the Warsaw Pact to guarantee his country's security once the two Germanys are united.

Speaking after talks in Moscow with Mrs Margaret Thatcher, the British Prime Minister, Mr Gorbachev appeared optimistic that the sharp east-west differences over German membership of

Nato would eventually be resolved. His comments came as British officials said the two leaders had discussed the possibility of a joint Nato/Warsaw Pact declaration to accompany German unification.

The form of any such declaration was still uncertain but the officials indicated that it could prove a useful addition to the confidence-building measures already under discussion.

In a joint press conference after several hours of talks, Mr Gorbachev and Mrs Thatcher

indicated that the German issue - which dominated the summit in Washington last week - remained the Soviet leader's main foreign policy pre-occupation. In spite of the clear differences in their respective views on Germany and on the future role of the two military blocs, they appeared keen to make clear that progress was being made.

British officials said the issue of the Anglo-US agreement on the transfer of nuclear weapons technology - which

Mr Gorbachev suggested in Washington would be a sticking point in future arms control talks - was raised only briefly. Mrs Thatcher had explained unprompted that the replacement of Britain's Trident system by Trident would still leave Britain only with a minimum acceptable deterrent.

Mrs Thatcher's visit, which continued on Page 24. Leaders as near, and far apart, as ever, Page 2; Nato foreign ministers meeting, Page 24

Wandsworth withdraws 4,800  
community charge summonses

By Jimmy Burns and Robert Rice

A GROWING number of UK local authorities are delaying court action against non-payers of the community charge, or poll tax, because of legal and administrative problems.

Under the old rating system it was possible to deal with large numbers of summonses for non-payment each day because few defendants attended court. Mr Fowler said: "In the early days of the poll tax, clearly it is not going to be so straightforward."

There is concern at the ability of courts to deal with the large numbers of summonses. Wandsworth is the third council in less than a week to announce it was issuing summonses and then withdrawing them. Medina council on the Isle of Wight and South Tyneside council in north-east England have between them withdrawn more than 5,000 summonses for non-payment.

Mr Ian Fowler, Clerk to the Justices for the Inner London magistrates court, said the courts were contacting other councils in inner London, most of which had indicated they did not expect to issue sum-

monses before September. It was possible that by then the courts would be able to deal with greater numbers each day, he said.

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WHITTINGDALE  
GILT-EDGED EXPERTISE

INTERNATIONAL BALANCED UNIT TRUSTS					
1 YEAR			3 YEARS		
1	WHITTINGDALE CHALLENGER	10.4%	1	WHITTINGDALE CHALLENGER	22.4%
2	Thornton Int. High Yield	9.8%	2	The Master Portfolio	13.9%
3	Royal London Int. Income	8.4%	3	Gartmore Global Income & Growth	11.5%
4	Martin Currie Int. Income	2.9%	4	Royal London Int. Income	-0.1%
5	Mercury Portfolio	2.1%	5	Wardley Int. Income	-4.6%

INTERNATIONAL FIXED INTEREST UNIT TRUSTS					
1 YEAR			3 YEARS		
1	WHITTINGDALE US BOND	6.5%	1	WHITTINGDALE US BOND	14.7%
2	Beckman Int. Capital	6.3%	2	Waverley Global Bond	13.2%
3	Waverley Global Bond	3.8%	3	Beckman Int. Capital	9.7%
4	Abbey Worldwide Bond	2.3%	4	Abbey Worldwide Bond	7.1%
5	Prov Capital Worldwide Bond	1.6%	5	Gartmore Int. Fixed Interest	2.5%

PERFORMANCE TO 1/5/90 SOURCE: MICROBAL

Whittingdale Limited (a Member of IMRO) is the Investment Adviser to the Challenger and US Short Dated Government Bond Funds, both authorised UK unit trusts managed by Whittingdale Unit Trust Management Limited (a Member of IMRO and LAUTRO).

The performances shown in the above tables are net of all charges and tax suffered by the Funds and are offered to bid with income reinvested net of basic rate tax. Tax rates and reliefs are subject to change and depend on individuals' circumstances. Since launch

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.8830	New York lunchtime: DM1.6878	FT-SE 100: 2,378.4 (+19.9)
London: \$1.8845 (1.8830)	FRF5.7145	FT Ordinary: 1,904.0 (+23.0)
DM2.8575 (2.8550)	FF1.4485	FT-A All-Share: 1,108.01 (-0.4%)
FF9.8275 (same)	Y153.4465	New York lunchtime: DJ Ind. Av. 2,189.90 (-27.43)
SFR2.4400 (2.420)	DM1.6970 (1.6910)	S&P Comp. 360.81 (-1.35)
Y28.50 (257.75)	FFR5.7150 (5.70)	Tokyo: Nikkei 32,993.29 (-199.21)
S index 89.5 (same)	SFR1.4480 (1.4365)	
GOLD	Y153.45 (Y152.53)	
New York: Comex Aug \$359.2 (358.1)	S index 67.9 (67.6)	
London: \$354.75 (353.25)	Tokyo close: Y152.65	
US OIL (Argus)	US LUNCHTIME	
3-mo Treasury Bill: yield: 7.96%	RATES	
1-mo Treasury Bill: yield: 7.96%	Fed Funds 8 1/4%	
3-mo Treasury Bill: yield: 7.96%	3-mo Treasury Bill: yield: 7.96%	
10-y Bond: 103 1/2		
yield: 8.44%		

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INTERNATIONAL NEWS

# Gorbachev warned of slide into civil war in Kirghizia

By Leyla Boulton in Moscow

THE Soviet republic of Uzbekistan yesterday appealed to President Mikhail Gorbachev for help in preventing a full-blown conflict with neighbouring Kirghizia.

Uzbek president Islam Karimov, declaring a state of emergency in the Andizhan border area, warned Moscow that tensions along the frontier with Kirghizia could erupt, bringing more bloodshed.

There is a real danger of the events in the Osh region degenerating into a conflict between the two republics," he said in a telegram to the Soviet president.

Fighting, which started on Monday over land allocation in the Kirghiz town of Osh and spread into a wider campaign for national autonomy, has left at least 78 people dead, according to one estimate by the official Soviet news agency Tass. A Soviet Interior Ministry spokesman said the death toll could be much higher but gave no figures.

Osh, close to the border with Uzbekistan, is populated mainly by Uzbeks but is part of Kirghizia. This discrepancy, fuelling frustrated nationalism on both sides, has combined with miserable living standards to provoke the first violence in decades between the two ethnic groups.

Hundreds of Soviet Interior Ministry and army troops are deployed along the border to try to prevent armed Uzbeks from crossing into Kirghizia to reinforce their compatriots.

Meanwhile, in the Kirghiz capital, Frunze, hundreds of people gathered yesterday for a 40-minute prayer meeting to commemorate the dead. But the city was reported calm after students went on the rampage on Thursday to express support for Osh's Kirghiz minority.

Meanwhile, the presidents of the Soviet Union's 15 constituent republics were expected to meet in Moscow today at the invitation of Mr Gorbachev. Mr Vadim Bakatin, the Soviet Interior Minister, has suggested that a meeting of republic leaders could adopt a joint declaration on the need to protect ethnic minorities.

Mr Bakatin has also called for an urgent redrafting of the union treaty which binds the country. Mr Dmitry Seleznev of the Soviet Interior Ministry said redrawing ill-conceived borders, such as those around Osh, would be one way a new treaty could calm ethnic tensions.

# Leaders as near, and far apart, as ever

By Philip Stephens, Political Editor

THE personal rapport seems as strong as ever.

After their seventh encounter since 1984, Mrs Margaret Thatcher was as keen as ever to heap praise on President Mikhail Gorbachev.

Her enthusiasm was infectious. As the beleaguered Soviet leader joined her in one of his rare appearances at a Moscow press conference, he spoke of a "vigorous, meaningful and effective dialogue".

But if the warmth was striking, so too were the underlying differences. The clearly genuine compliments did little to disguise the gulf that remains between them on the issue which dominated their talks - German unification.

There were signs of movement. The possibility of some form of Nato/Warsaw Pact declaration has been added to the list of options designed to meet Soviet anxieties about the inclusion of a unified Germany in the Nato alliance.

Mr Gorbachev stuck to his formal position that Germany should remain outside the western alliance but his tone was of a man ready to compromise. "I am sure that we can come up with an option," he said at one point.

For her part, the UK Prime Minister was insistent that she was as anxious as anyone to ensure that the Soviet leader's anxieties were assuaged.

Mrs Thatcher indicated again that she is now ready to talk about a political dimension for Nato in the structure of the new Europe. That would be accompanied by a more formal, regular framework for East-West consultations within the 35-nation Conference on Security and Co-operation in Europe. German membership of Nato should be put into the broad context of greatly enhanced co-operation between East and West.

As British officials signalled that Mrs Thatcher was showing a new flexibility, however, the joint press conference served to highlight the fundamental differences.

Despite the change in her tone over the past few days, the Prime Minister made it clear that a strong, nuclear-armed Nato must remain as the central pillar of the west's and Britain's security.

The world, as she put it, might be a more truthful, trustful, confident place, but the peace would be kept only if the west retained strong, secure defences.

The contrast with Mr Gorbachev's vision of a new pan-European security structure could hardly have been more striking. For Mrs Thatcher, a political rule for Nato would be something grafted on to its existing military structure. For Mr Gorbachev, a transformation of the Warsaw Pact and Nato into essentially political organisations would be the precursor to their eventual merger or extinction.

Perhaps because of his more pressing domestic preoccupations, Mr Gorbachev appeared keen not to emphasise the differences. In the nearest he came to direct criticism, he said that Mrs Thatcher had a more "sensitive" approach.

Perhaps also, however, he sensed something intangible but inescapable - that even if Mrs Thatcher will always ensure that her voice is heard, the final decisions on the shape of the new Europe will be taken in Washington and Bonn.

# Italy dreams of keeping the Cup

By John Wyles in Rome

ITALY is not without its wags but whoever put Schubert's "Unfinished Symphony" on the programme for the eve-of-World Cup concert at Milan's La Scala had clearly scored an own goal by first kick-off time last evening.

It could so easily have been the theme music for the 26-day soccer orgy, but in a final frenzied burst the dressing rooms at the Olympic Stadium in Rome were completed earlier this week in time for this evening's match between Italy and Austria. Sadly, the 42,000 sq m of PVC covering in Rome were discovered on Wednesday to have the waterproofing powers of a colander, but technicians insist that either they or a spell of dry weather will resolve the problem.

Fortunately, the rain held off in Milan yesterday, when a full house at San Siro stadium was treated to an opening ceremony displaying the best of the Italian cultural repertoire, from designer-clothes models to that classic choral investigation of goose pimples, Verdi's *Va Pensiero*.

Mr Carlos Menem, the Argentine President, was among the four heads of state present, but he had come to support the national team in its first defence of the cup against Cameroon and not, as some maintained, to request a balance of payments loan from its extraordinarily wealthy cousin, Diego Maradona.

Despite hosting the opening game, Milan is by all accounts resolutely resistant to World Cup fever. There is apparently less money to be made from

the event than the Lombards had hoped.

Nevertheless, that part of Italy which cares about football, which is conservatively estimated to be everyone but the mayor of Cagliari, has now started to dream that their team will walk away with the trophy on July 8.

"We have the best players and we are at the crossroads of international football," said a radio commentator with restrained understatement yesterday.

At the end of a week which has seen the imprisonment in Sardinia for 20 days of three Britons who sought to improve their hotel room by tearing it apart, and the repatriation of Britain's hooligan-in-chief, Mr Paul Scanlon, the British campaign for a temperance tournament appears to be paying off. The prefect of Milan has banned the sale of alcohol in broad

swathes of the city on match days, and it appears that Cagliari, where the English team makes its debut against Ireland on Monday, will also be dry.

Something ominous, however, is stirring in the Italian underground: a Belgian lorry driver was beaten up on Thursday in Latina, 35 miles from Rome, because his aggressors thought he was English.

Man in the News, Page 8



Fans leave Cagliari airport on the way to watch England's World Cup matches in Sardinia

# NEWS IN BRIEF

## Sales in Poland start to recover

By Christopher Bobinski in Warsaw

SALES in several key sectors in Poland, including the chemical, machine and light industries, grew last month for the first time since the introduction on January 1 of an anti-inflation programme which produced an overall 30 per cent recession in the economy.

According to figures issued yesterday by GUS, the Government's statistical office, hard currency imports, which are 28 per cent down on the first five months last year, also grew in May by 25 per cent from April.

With hard currency exports after five months worth \$3.5bn (\$2.3bn) and growing by 12 per cent, Poland, according to GUS, continues to show a record \$1.6bn trade surplus for the period.

## Keep sanctions, says Mandela

Mr Nelson Mandela yesterday urged the world community to maintain sanctions against Pretoria until apartheid was eliminated and South Africa was no longer regarded as "the skunk of the world".

President F.W. de Klerk's decision to lift a state of emergency in most of South Africa was not enough, he told a Geneva meeting of the International Labour Organisation.

## FBI arrests US spy suspect

The FBI has arrested a former US Army sergeant for alleged espionage while stationed in West Germany, and has said he was part of a spy ring that passed Nato defence plans to the Warsaw Pact for nearly two decades, Reuter reports from Washington.

It alleged Roderick James Ramsay, 38, gathered or passed top secret Nato military information to Hungary and Czechoslovakia.

## Rocket launched

The US Air Force yesterday launched its second unmanned Titan 4 rocket, which civilian experts believe is carrying a satellite to spy on military communications in the Soviet Union, Reuter reports from Cape Canaveral, Florida.

## Liberia 'victory'

The Liberian Government said yesterday its troops recaptured from rebels the headquarters of the rubber plantation from which the international airport can be controlled, AP reports from Monrovia.

## Costa Rica deal

Costa Rican President Rafael Angel Calderon said on Thursday his Government had signed a letter of intent with the IMF, paving the way for negotiations for loans over the next two years totalling \$103m, Reuter reports from San Jose.

## Dumping move

The European Commission has imposed an extra duty on imports of the bleaching agent potassium permanganate from the Soviet Union after an anti-dumping investigation, Reuter reports from Brussels.

# Soviet Union shuts Lithuania N-plant

By Hilary Barnes in Copenhagen

MOSCOW has stepped up pressure on Lithuania by closing the country's Igalina nuclear power plant, Mr Algirdas Saudargas, Lithuania's Foreign Minister, said in Copenhagen yesterday. He did not know how long the closure would last, he added.

The foreign ministers of all three Baltic states, meanwhile, filed a joint application to be observers at the CSCE (Conference on Security and Co-operation in Europe) talks taking place in the Danish capital.

But members of the Soviet delegation said yesterday that Moscow would oppose observer status for the Baltic states, and as the CSCE is a consensus process, it can veto the Baltic request.

At a news conference in the CSCE conference centre, where the three Baltic ministers were

guests of the US delegation, Mr Saudargas said the economic war of a his country against a small one was "a matter of human rights".

"Lithuania is on the edge of a disaster," he declared. One other (non-nuclear) power station was still working, but it only had fuel for two more weeks, and coal supplies were being stopped at the Polish border.

Petrol supplies were running low and there was only enough for two more weeks for ambulances and food distributions. Western caution on supporting their struggle for independence, on the grounds that it could cause problems for Mr Mikhail Gorbachev, the Soviet leader, was misplaced, "Mr Gorbachev is finished," the Estonian foreign minister, Mr Lemari Meri, said.

# East German minister opposes joining Nato

By Edward Mortimer in Stockholm

EAST Germany's Foreign Minister, Mr Markus Meckel, yesterday backed Soviet opposition to membership of Nato by a united Germany.

Fresh from the Warsaw Pact summit in Moscow, Mr Meckel told the conference of the Institute for East-West Security Studies meeting in Stockholm that his country was deeply worried whether the proposed changes in Nato would represent a truly new approach.

Mr Meckel, a Protestant pastor who described himself jokingly as "a peacenik voice", told his audience of defence specialists: "The revolution in the GDR has not been made in order to bring our country into the western military treaty organisation.

"We are not willing to agree to a military situation in which

our friends in Poland and Czechoslovakia would face the forward defences of Nato at their western borders."

Mr Meckel suggested the creation of a "security zone" linking these two countries with the united Germany. He recalled that Nato in its Harnel report of 1967 had "articulated the political goal to transfer the Atlantic alliance into a European peace settlement", and suggested that it was "now high time to live up to this objective". This could be done by institutionalising the Helsinki process.

Mr Meckel, who leads the minority Social Democrat Party within the governing coalition, also opposed holding all-German elections in December or January, as urged by West Germany's Chancellor.

# Prague plans mass sale of state industry

By John Lloyd in Prague

CZECHOSLOVAKIA yesterday completed drafting a law for the mass sale of state enterprises to its citizens through a unique voucher system.

Mr Vaclav Klaus, the Finance Minister, said yesterday: "What we have in mind is the rapid democratisation of state companies. This must be done very soon. It will be a wholesale privatisation - we don't have time to privatise two or three a year, as in western countries."

The plan, the brainchild of Dr Dusan Trieka, head of the Privatisation Department of the Finance Ministry, would give every Czechoslovak citizen a voucher worth a certain

number of units. When, later this year, the state enterprises are transformed into joint-stock companies, their shares will be offered not in terms of a monetary value, but in voucher units.

The "price" of the shares will find their market level according to the number of citizens prepared to exchange their vouchers against them - the process also acting as a crude valuation of the companies. Thus, for example, shares in the motor group Skoda, now the subject of close investigation by such foreign companies as Volkswagen and Toyota, might command a price of 30,000 units a share - while a

bulk chemicals plant might only be sellable at 1,000 units.

It will be illegal to sell the vouchers for cash, though Dr Trieka admitted a black market might spring up - "though we are not too worried by that."

After an as yet undefined period, the rest of the shares would be sellable for Czech crowns and hard currency to Czechoslovak or foreigners - perhaps with a limit set on the proportion to be owned by foreign companies. Already, however, foreign companies can form joint ventures with Czechoslovak enterprises, with a majority of the shares.

Dr Trieka, like Mr Klaus an

enthusiast for "the hidden hand of the market as against the all-too-visible hand of state regulation", said the scheme would force the development of institutions like a stock market and brokers.

His plan, considered brilliant but dangerous by some ministers, has won a grudging approval from the Czech and Slovak finance ministries to be at least discussed. It will be considered at the last meeting of the present government on Thursday. As to whether it passes without substantial amendment, however, much depends on the composition of the new parliament after today's elections.

# Interest rates in Mexico fall to a lowly 32%

By Richard Johns in Mexico City

MEXICAN interest rates this week fell to their lowest level since the financial crisis of 1982, in spite of inflation well above official projections.

At this week's auction of 28-day Cetes, or Treasury bills, the rate fell another 0.64 points to 32.43 per cent. It was the 11th successive weekly decline since Mexico's accord with the commercial banks on a restructuring and reduction of \$47bn of debt was concluded on March 28.

A further boost to confidence was given by the announcement last week of the Government's agreement with the private sector and the labour movement on an extension from August 1 to the end of January 1991 of the anti-inflationary stabilisation programme, known as the Pact for Economic Solidarity and Growth.

# Make or break for Meech Lake

By Bernard Simon in Toronto

MARATHON talks on Canada's constitutional future were coming to an acrimonious head yesterday after Quebec refused to take any further part in a key element of the negotiations aimed at rescuing the floundering Meech Lake accord.

Prime Minister Brian Mulroney's leaders of all 10 provinces in Ottawa for the sixth consecutive day, in what was likely to be a make-or-break session on the differences between Quebec and two dissenting provinces, Manitoba and Newfoundland, over the Meech Lake package of constitutional reforms.

Quebec premier Robert Bourassa drew a firm line in the search for a compromise late on Thursday evening by announcing tersely that he would not participate in any further discussions on the Meech Lake clause which recognises the francophone province as a "distinct society" and gives it the right to "preserve and promote"

its unique position within Canada.

Mr Bourassa, whose position is generally supported by Mr Mulroney and seven of the other provincial premiers, is under intense pressure from Quebec nationalists to brook no dilution of the "distinct society" provision.

effect. Seven have so far approved it and New Brunswick indicated this week that it was ready to join the majority.

As they entered yesterday's meeting, several premiers blamed Manitoba's Mr Gary Filmon for precipitating Mr Bourassa's statement, at a time when a near-complete agreement to end the Meech Lake deadlock was in sight.

Mr Filmon heads a minority government in the province and has closely consulted the other two party leaders throughout the past week. Like other Meech Lake critics, all three Manitoba leaders want a watertight assurance that the "distinct society" clause will not override individual rights enshrined in the 1982 constitution.

Despite the heightened tensions, several premiers and their advisers continued to express optimism yesterday that an agreement could be stitched back together.

# Mr Bourassa is under intense pressure from Quebec nationalists to brook no dilution of the "distinct society" provision.

With time running short before the expiry of the accord on June 23, Mr Bourassa's intervention has added urgency to the discussions and greatly fuelled tensions among the participants.

The Meech accord, originally drawn up in 1987, must be ratified by all 10 provinces to take

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**PHILIPS**



## UK NEWS

## THE GUINNESS TRIAL

## Saunders tells of 'short, sharp discussion' with Roux

MR ERNEST SAUNDERS yesterday recalled a "short, sharp discussion" in which he had told Mr Olivier Roux, then Guinness's director of finance, that "in no circumstances was he to attribute knowledge to me concerning financial matters when I had no such knowledge."

That day - December 15 1986 - had been "a watershed date," Mr Saunders told the jury at Southwark Crown Court, because there had been "a clear attempt by Mr Roux to implicate me in something with which I had nothing to do."

The former Guinness chairman and chief executive said that from that day, two weeks after the announcement of a Department of Trade and Industry investigation of Guinness, his relationship with Mr Roux had deteriorated rapidly.

Mr Roux has been the key prosecution witness in the trial of Mr

Saunders, Mr Gerald Ronson, chairman of the Heron group, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier.

They deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its takeover battle for Distillers.

Mr Roux has told the court that he authorised payments to Guinness supporters with the approval of Mr Saunders.

Yesterday Mr Saunders said that on December 13 he and Mr Roux had returned together from the US. Among correspondence waiting for Mr Saunders in the car that collected them from Heathrow had been a letter from Mr Richard Penhall, chairman and chief executive of the Henry Ansbacher merchant bank.

The letter had referred to earlier letters in May "written to you at the

request of Morgan Grenfell" (Guinness's merchant bank) the form of which had been "suggested by Morgan Grenfell and accepted by ourselves under a mistake of fact."

The letter had then referred to 2.5m Guinness shares registered in the name of Down Nominees and had asked for directions as to the

Court report  
by Raymond Hughes

beneficial owner, and to £7.6m which "is not and has not been at any time held by us on deposit" but "applied in accordance with arrangements agreed with Morgan Grenfell."

Mr Saunders said his immediate reaction had been to wonder why Ansbacher was writing to him personally. His only connection with

the bank had been extremely unpleasant, when Ansbacher had acted for Bells when it had been taken over by Guinness in 1985.

The letter, Mr Saunders said, which had been copied to Guinness's treasury and to a Morgan Grenfell director, "referred to things which frankly I did not understand. I turned to Mr Roux and said, what on earth is this about?"

"He looked at it and said 'Give it to me, I will handle it' and he took it."

Mr Saunders said the letter had "nagged" at him. He had found it incredible that Guinness should be having dealings with Ansbacher, given the animosity between them - and between Mr Saunders and Lord Spens of Ansbacher personally - because of the Bells takeover. Lord Spens had been very upset at being on the losing side, he said. "I

had a feeling in my guts that there was something up here."

Two days later, the letter had been raised when Mr Saunders and Mr Roux had been with Sir David Napley, one of Guinness's solicitors. Sir David had asked Mr Roux who at Guinness had been involved in the Ansbacher transaction.

Mr Roux had said it was a treasury matter.

Sir David had then asked whether Mr Roux had discussed it with Mr Saunders.

"Mr Roux made a sort of double response," Mr Saunders recalled. "First he said it was not a matter he had discussed with me. And then I recall quite clearly that after some other discussion he came back to the point and made a sort of sweeping statement."

"The gist was that he would never take decisions of a financial nature

on his own - effectively that he was acting on my behalf as an agent," Mr Saunders commented. "I used to think of this as an I am only a clerk response."

He said Mr Roux's comments had been "some sort of umbrella statement that because this was a financial matter, and he only acted on my behalf on financial matters, somehow or other I would have been aware."

It had been "very, very vague but intended to imply that I did know something about this matter, which was completely untrue."

Mr Saunders said that it had been in the car that had taken them from Sir David's office in Long Acre back to Guinness's in Portman Square that he had told Mr Roux not to attribute to him knowledge of financial matters that he did not have.

NFU chief  
satisfied  
with beef  
agreement

By Steven Sutcliffe

SIR Simon Gourlay, president of the National Farmers' Union, yesterday expressed confidence that British beef farmers would face only "minimal" costs in complying with certification procedures agreed on Thursday by European Community farm ministers.

Sir Simon, after a meeting with Mr John Gummer, Agriculture Minister, also dismissed fears that British consumers would be sold second-class beef which could not be exported to the Continent because it could not be certified as coming from herds that were free of bovine spongiform encephalopathy (BSE).

Mr Gummer agreed with other EC ministers that "bone-in" British beef would have to be certified to qualify for export, leading to fears that British consumers may be sold an unsafe product. The Government has maintained that BSE poses no risk to consumers.

Sir Simon said official tissue would be removed from meat on sale throughout Europe. Under the EC proposals, exports of boneless beef need only certification that nerve and lymphatic tissue has been removed.

Sir Simon said he was satisfied about the terms of the deal in Brussels following his meeting with Mr Gummer. But he added that the NFU would seek redress if its monitoring of the certification showed that it imposed a penalty.

Mr Gummer faced a barrage of criticism in the Commons on Thursday night, as Dr David Clark, Labour's agriculture spokesman, accused him of a "cover-up".

The Brussels deal had prompted fears that farmers would conceal the first cases of BSE in a herd in order to avoid disqualification for export.

However, Sir Simon expressed hope that farmers would be able to avoid the development of a two-tier price system, under which different prices would be paid for cattle from infected herds and for certified cattle.

Audit Office  
finds delay in  
stock control

By Ralph Atkins

THE INTRODUCTION of a computer system for controlling British beef stocks under the European Community's Agricultural Policy has been delayed for four years, according to a report by the National Audit Office, the public spending watchdog.

A series of problems at the Intervention Board for Agricultural Produce have cost taxpayers millions of pounds, according to the report.

Computerisation of the system for intervention in beef stocks - likely to be severely tested as the "mad cow" affair develops - was due for completion in 1986 but remains unfinished. The estimated cost has risen from £1.02m to £1.48m.

The NAO also reports delays in computerising the calculation of EC refunds and levies on imports and exporters of agricultural produce.

Its report says "irregularities" - including fraud - under the Common Agricultural Policy in the UK are below the EC average, but there is "widespread concern that it may be substantially more than that officially reported."

Intervention Board for Agricultural Produce: Management, Accountability and the Prevention of Fraud. HMSO. 25.70.

Clarke says reform  
benefits will take time

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT remains determined to "break the present mould" of the National Health Service next year, although the full benefits of the reforms will take some time to come through, Mr Kenneth Clarke, Health Secretary, said yesterday.

"We are certainly not looking just to recreate the current system with a new shine and with new words to describe it," he told the Institute of Health Services Management conference in Torquay.

In a long and detailed speech, Mr Clarke stressed several times that "no change is not an option." This reflects concern in the Department of Health that preparations for the reforms are moving too slowly in some districts.

The Health Secretary said he had not published a white paper, fought fierce political battles and taken a major Bill through Parliament in order to achieve no change. "I expect to see change from the very

beginning," he said.

Separation of the purchasing of hospital care from its provision under a new system of contracts is at the centre of the reforms. There was, said Mr Clarke, "no room for an ostrich-like head-in-the-sands approach here."

The annual financial crises under the existing system of hospital financing, he said, had become a sad ritual. "We had a system in which everyone working in it saw it as their moral duty to point out how badly it was performing because that was seen as the way to get more resources."

Mr Clarke acknowledged the central position that his audience of health service managers would occupy in the new system. The policy had been set, he said, and it was for them to judge how to achieve and deliver it.

"I am trusting managers throughout the service and putting my faith in them to demonstrate their abilities and professionalism."

Doubt cast on future of  
city technology colleges

By Norma Cohen, Education Correspondent

FURTHER DOUBT was cast on the future of the Government's city technology colleges programme yesterday when the Government announced it would reconsider its decision to establish three new CTCs.

Mr John MacGregor, the Education Secretary, said he would not contest an application by Derbyshire County Council for judicial review of his decision to site a new CTC in Derby.

Mr MacGregor said he had also written to local education authorities and headmasters in Telford, Shropshire, and Wandsworth, south London, asking for their views on CTCs tentatively planned for their areas.

The Education Department said that Mr MacGregor would take account of local opinion

but community opposition would not necessarily cause him to veto plans for a CTC.

Wandsworth's CTC, which would be partially funded with donations from ADT, the Bermuda-based security systems and vehicle auction group, is the only one to have its plans endorsed by the local education authority.

Mr Jack Straw, the shadow Education Secretary, said Mr MacGregor's move was a climbdown. "It looks like the first step in the abandonment of the CTC proposals."

CTCs are designed to teach high-technology subjects in inner-city areas. The Government had intended 20 to be operating by the end of last year but only three are in operation.

## NEWS IN BRIEF

Nationwide  
commissions  
to brokers

NATIONWIDE ANGLIA, the second largest UK building society, has begun paying commissions to mortgage brokers in an effort to attract new business, writes David Barclay.

Nationwide Anglia will announce its 1989-90 results on Monday, and the figures are widely expected to show a drop in the society's share of the mortgage market.

Only one of the top 10 societies, Leeds Permanent, has ever paid commissions for introductions of new customers, though it is no longer does so.

Nationwide Anglia said yesterday that its commission would be 0.25 per cent of the value of the loan.

## Waste allegation

FRIENDS OF THE Earth, the environmental group, alleged yesterday that large amounts of radioactive waste had been dumped on the site at Rainham Marshes, Essex, chosen for one of the biggest leisure developments in Europe. FoE repeated its call for a public inquiry. British Urban Development said last night that the radioactive waste found there was low-level and "very easily handled." BUD is the consortium which wants to develop the site.

## Swindon FC appeals

THE DIRECTORS of Swindon Town Football Club yesterday decided to appeal against the Football League's decision to deny the club promotion to the English first division and force its relegation to the third, writes Philip Cogges.

The league imposed the penalty after Swindon admitted irregular payments to players. The chairman and manager at the time have since resigned.

Only one other club, Peterborough United, has previously been relegated as a League punishment in 1987-8.

## Lloyds Bank chosen

LOYD'S BANK is to act as lead financing bank in the flotation of the electricity industry. Lloyds will lead in the flotations of the 12 regional electricity companies, scheduled for late this autumn, and of the two generating companies next year. It will not cover the industry in Scotland.

## BSB financing

BRITISH Satellite Broadcasting yesterday completed its £1.5bn financial package when six banks signed financial agreements on a £450m project loan. The loan was arranged by Barclays Bank with National Westminster Bank and the Industrial Bank of Japan. It was fully underwritten by the three arrangers and the Amsterdam-Rotterdam Bank, Fuji Bank and the Union Bank of Switzerland.

## Gerry Adams move

MR Gerry Adams, president of Sinn Féin, yesterday distanced himself from an IRA murder attack on civilians, writes our Belfast Correspondent.

Referring to the murders of a former RUC reservist and his 66-year-old wife in an IRA car bomb attack in Belfast, he said: "I have said it was wrong and that is my position. I don't have to defend every action the IRA engages in." He recently called the IRA murder of two Australian tourists in the Netherlands "inexcusable and unjustifiable."

His remarks yesterday came soon after an attack on Mr Sean Keenan, a Sinn Féin director of publicity, who was shot at his West Belfast home but escaped serious injury.

## Poll tax application

THE HIGH COURT yesterday reserved judgment in the application by 19 councils and three teaching unions for judicial review of the decision by Mr Chris Patten, Environment Secretary, to cap the poll tax levels of 21 councils. The court is expected to give its ruling next Friday.

Mystery of deserted securities office  
Richard Waters finds some eerie parallels in the Dunsdale affair

CLEAR ECHOES of Barlow Clowes have been reverberating around the City in the past few days as police officers, liquidators and lawyers have scrambled to salvage something from the wreckage of Dunsdale Securities, an investment firm which is now thought to have taken in £17m from around 220 investors.

Like the far larger Barlow Clowes, which collapsed two years ago, Dunsdale offered clients an investment in UK government securities (gilts), although it also claimed to invest in US Government securities and eurobonds. As many Barlow Clowes investors have testified, giving your money to an adviser to be invested in gilts feels as secure as putting it in the Bank of England.

Also like Barlow Clowes, Dunsdale had been collecting money from investors since the mid-1970s. During that period it built up strong relationships with its clients, some of whom have invested as much as £1m. Clients of both firms had never had any problem withdrawing their money - until, that is, the shutters came down.

For Dunsdale that was eight days ago, when lawyers acting for a handful of worried clients found that they were unable to contact Mr Robert Miller, the company's sole director, and started legal action to recover the money.

Things gathered pace on Tuesday evening when the Financial Intermediaries-Management and Brokers Regulatory Association (Fimbra), which regulates Dunsdale, moved to freeze the firm's business after complaints from investors. By Thursday, the Metropolitan Police fraud squad and Serious Fraud Office had moved in to the firm's Park Lane offices, along with liquidators appointed that afternoon. A warrant has now been issued for the arrest of Mr Miller, whose whereabouts have remained a mystery for the last week.

In spite of the frenzied activity, little trace has been found of the £17m. According to



Behind locked doors: the empty offices of Dunsdale Securities in Park Lane, London

monthly statements issued to clients, Dunsdale invested their money in a single tranche of gilts - a 15 per cent issue repayable in 1997. But no certificates or contract notes were found at the firm's Park Lane offices, and the Bank of England has failed to find Dunsdale's name on the register of holders it maintains.

The only assets found so far are "a handful of shares," worth only several thousand pounds, according to Mr Harold Sorley, one of the joint liquidators. He said yesterday that further efforts are being made to trace investors' assets, but that there is no immediate sign of where they might be found.

While news about the Dunsdale investments has been hard to come by, information about Mr Miller and his business practices has been quick to emerge. The indications are that he did not promise his clients British gas as a "locking period" of up to two years before they could join compa-

Hollander, who invested £50,000 only three months ago, Mr Miller talked only of a "respectable rate of return" on "secure investments," mainly UK and US Government securities. There were no extravagant claims, not even a mention of an annual rate of return that investors might expect.

"He didn't need to claim anything - his record spoke for itself," said Mr Hollander, who was recommended to Mr Miller by a friend who had invested money with his firm since the mid-1970s. While Mr Miller's clients seem to have been happy with the performance of their investments, few withdrew money regularly, preferring to let it roll up each year to add to their capital.

Mr Miller's own business and personal assets appear to have been largely in the form of property - houses in Mayfair and St John's Wood, and a string of properties in Hastings, Maidhead and Greenwich which were used as security for Dunsdale's borrowings from Barclays Bank.

Meanwhile, the affair has cast a large question mark

over the role of the financial regulators. Fimbra, which has authorised Dunsdale since July 1988, and the Department of Trade and Industry, which granted it a licence to act as a licensed dealer as long ago as November 1977.

The firm had the highest category of membership of Fimbra (known as C3), enabling it to handle money on behalf of clients. It was one of a small group of firms in this high-risk category with just one director. Yet, in spite of this potentially high-risk position, Fimbra's own system for checking members picked up nothing wrong until Dunsdale clients rang up to complain on Tuesday. This is in spite of the fact that Fimbra carried out a compliance visit on Dunsdale in the last year, but found nothing wrong.

The DTI, meanwhile, must be hoping that Dunsdale does not follow the Barlow Clowes parallel too closely. The department was warned of "significant maladministration" in its regulation of Barlow Clowes - leading to a compensation of £150m for investors this year.

## Brown seeks work rules for ex-ministers



Gordon Brown: seeking ban on new appointments

By Ralph Atkins

A BAN on ex-Cabinet ministers joining the boards of recently privatised companies should be introduced pending new rules for ministers leaving the Government, Labour said yesterday.

Mr Gordon Brown, shadow Trade and Industry Secretary, said "golden parachutes" being offered to departing Cabinet ministers looked like "jobs for the boys."

Last week Mr Peter Walker, a former Energy Secretary, joined British Gas as a non-executive director.

Sir Norman Fowler, a former Transport Secretary, has joined

NFC, formerly the National Freight Consortium, also as a non-executive director.

Mr Norman Tebbit, former Conservative party chairman, went on to become a non-executive director of British Telecom.

Mr Brown has written to the Prime Minister asking for a ban on further appointments of ex-ministers to companies privatised by the Conservative Government until new rules are drawn up.

He said some senior civil servants faced a "locking period" of up to two years before they could join compa-

nies with which the Government had had links but there were no similar rules for ministers.

Downing Street said the appointments were for the judgment of the individuals and the companies which employed them.

Officials pointed out that it was three years since Mr Walker had been Energy Secretary, and Sir Norman had left the Department of Transport in 1981 to serve at the Department of Health and Social Security and then at the Department of Employment.

Labour's stance on defence  
spelled out in Washington

By Peter Riddell, US Editor, in Washington

THE Labour Party is now "in the mainstream of European opinion" and on "the inside track" on defence and security policy, Mr Martin O'Neill, the party's defence spokesman, has assured senior members of the Bush Administration and Congress.

He has been involved in talks this week explaining the changes in Labour's policy ahead of the visit to Washington in mid-July of Mr Neil Kinnock, the Labour leader. Contacts between the US Administration and Labour spokesmen have greatly increased in recent months with Mr John Smith, the shadow Chancellor, and Mr George Robertson, a foreign affairs spokesman, visiting Washington.

While President George Bush still supports the approach of the Thatcher Government, he and his advisers want to reach a closer understanding of Labour's approach and to avoid the appearance of undermining Mr Kinnock, which occurred when he visited President Reagan in March 1987.

This week's talks have focused on Labour's attitude to the unification of Germany, to US bases in Britain and to the possible development and deployment of an air-launched nuclear missile.

Mr O'Neill met Mr Robert Blackwell, who is responsible for European and security affairs on the National Security Council staff, Mr Paul Wolfowitz, the Pentagon's Policy Under Secretary, and, at the State Department, Mr Raymond Seitz, the assistant secretary for European affairs, and Mr Reginald Bartholomew, who handles arms control.

Mr O'Neill said he had stressed "how the Labour Party is now in the mainstream of European opinion and is keen to be involved in the review of Nato strategy," especially in re-examining the doctrine of flexible response in the changed circumstances of Europe. He also argued that, in the next round of conventional force talks, reductions should enable all of Europe to share in the peace dividend.

Mr O'Neill expressed opposition to any decision to deploy air-launched missiles in Britain but noted that the Nato alliance was some way from taking a decision on development, let alone on siting, of the missiles. The Bush Administration, backed by influential legislators, as well as the current British Government, is insistent on a continued US nuclear presence in Europe.

He explained the Labour view that the Trident missile system should be included in a second round of strategic arms reduction talks once the current treaty is signed.



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# FINANCIAL TIMES

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Saturday June 9 1990

## Volatility in store

SINCE when have bankruptcies been good for stock markets? At the start of the week much of the troubled financial conglomerate British & Commonwealth was placed in the hands of administrators: by the end, former glamour stock Coleridge had gone into receivership. Yet the market bubbled merrily in between, underlining the bullish tone by taking dismal news about property values from Great Portland and British Land in its stride.

Nor has the story on Wall Street been very different. The economic statistics have been pointing to a weaker economy, while the strains of an excessive debt burden have thrown up new corporate casualties and an ever-increasing bill for the federal bail-out of troubled savings and loan institutions. Even Mr Donald Trump, the New York developer who once pronounced in a much-hyped book on the art of deal making, was closeted with his bankers this week in an attempt to restructure his mounting debts. The anxiety, it seems, did not extend to financial hubbly: Mr Trump's junk bonds dived. Yet for all that, the Dow Jones Industrial Average is within striking distance of the magic 3,000 mark.

The markets are at least right about one thing. If the bankruptcies pointed to serious trouble for the banking system, and thus to a recession-inducing financial shock, the Bank of England would surely be worried. Yet it did not seek to prop up the merchant banking subsidiary of British & Commonwealth, where some £300m of deposits are at stake. Nor has it sought to put a safety net under the property market, as it did in the mid-1970s with its celebrated lifeboat operation. The implication is that it does not, for the moment, perceive a serious threat to UK banks.

### Clearing up

That, of course, is no consolation for property developers because it means that inadequate cash flow will lead to receivership rather than rescue. But it does suggest that the high-profile bankruptcies in the UK are not so much an indication of a disastrous downturn as a case of clearing up after some spectacular cases of bankruptcy excess. Here Coleridge and British & Commonwealth were, in a sense, victims (albeit willing ones) of over-enthusiastic bankers. So, too, with many of the property casualties. The slump in the City office market, where much of the trouble is concentrated, was widely predicted when the City planning authorities relaxed constraints

on development in the mid-1980s. But the bankers chose to ignore it.

Fortunately for the British, the debt problem that now weighs down the US corporate sector does not have a parallel in the mainstream UK economy. Indeed, the real problem for UK equities is precisely that the economy is so awfully poised between boom and squeeze. Despite the vice-like tightening of monetary policy since 1988, a slow-down has failed to put in an unequivocal appearance. And while the corporate sector's financial deficit is at an unprecedented level, profits remain high and dividends continue to rise.

### Remarkably resilient

Quoted companies, then, are turning out to be remarkably resilient despite the difficult financial background. To the extent that profits and dividends underpin equity market valuations that is reassuring. But only up to a point. For the government's anti-inflationary strategy rests heavily on squeezing profit margins and stifling the employers' resolve in wage negotiations.

In the end, a combination of 15 per cent base rates and an appreciating exchange rate must surely bite and the effect could well be savage. That is one reason for thinking that equities have risen too far, too fast. Much the same could be said of other markets around the world. The shift from growth euphoria since the end of April has been far more pronounced than any change in the underlying fundamentals really justifies, even allowing for a slightly lower expectation of further monetary tightening around the world.

The economic party is not yet over. This week's news of 4.4 per cent growth in the first quarter in West Germany underlines the strength of the continuing upsurge in continental Europe. For their part the Japanese appear to have shrugged off the worries that followed the Tokyo market plunge earlier this year. And in the long run the emergence of eastern Europe as a low-cost source of supply for the world economy will be beneficial.

But there is undoubtedly a problem in getting from here to there. The uncertainty over the unwinding of the Soviet empire is clearly a worry. The slow-down in the US economy, which may well be underestimated by Wall Street, will make the corporate debt mountain harder to service. And the full implications of European monetary union have yet to be digested. It all points to an uncertain equilibrium in the markets, with a fair amount of volatility ahead.

**A**n element of bedroom farce characterised the concluding chapter of the British & Commonwealth Holdings affair.

The administration order that put the company out of its misery was signed last Sunday night in the west London home of the incapacitated Mr Justice Vinelott. The judge, who had a bad back, dealt the fateful blow from his sickbed. A dozen officials and legal advisers stood around, like courtiers at a King Louis XIV levee.

This was the culmination of six weeks of frantic City negotiations, designed to salvage the stricken financial services group in the wake of the summoning of administrators to Atlantic Computers, one of B&C's largest subsidiaries. The City haggling had reached a crescendo in the final six days.

Until 10 days ago attention had been riveted on the attempts of S.G. Warburg to secure creditor agreement for a capital reconstruction plan, made necessary by the breach of loan covenants. This would have entailed the sale of all B&C's leading businesses, including B&C's international one of the world's largest money-brokers, Oppenheimer Management Corporation, the US mutual fund manager, and the British & Commonwealth Merchant Bank (BCMB).

The draconian nature of the Warburg plans reflected the fall in the break-up value of the group as a result of the revelation of mismanagement at Atlantic; this had a knock-on effect on the trading performance of B&C's other subsidiaries.

Ironically, the group was finally brought to its knees, not by rejection of Warburg's admittedly contentious proposals, but as a direct consequence of an order from the Securities and Investments Board, requiring its members to pull their money out of the B&C merchant bank. This edict,

### B&C chairman Sir Peter Thompson told the assembled bankers they faced a choice between "muck or nettles".

which came out after the markets had closed on Friday, in turn stemmed from the failure of separate negotiations to put in place a £100m standby credit facility for BCMB. It was a decision made necessary by the gradual erosion of liquidity at the bank as a succession of wholesale term deposits matured and were not renewed.

The pace of events took many of the protagonists by surprise. Few could have predicted on bank holiday Monday (May 28) that both the merchant bank and its parent would be in the hands of administrators by the end of that week. As they reflect on the unexpected denouement, bankers and regulators are wondering whether a failure of communication could be blamed for the company's demise.

After all, it was only on Thursday afternoon that the B&C board became aware of the stark fact that failure to put the standby facility in place at the merchant bank would inevitably lead to the appointment of administrators at the parent. Until then, as the following chronology makes clear, there were two distinct sets of negotiations during the critical week, conducted for the most part in ignorance of each other. One set focused on the Warburg plans, the other on the refinancing of the B&C merchant bank.

Tuesday May 29. Representatives of the eight banks invited to contribute to the standby facility for B&C's merchant bank gathered in the sumptuous first-floor committee room at the Bank of England. The meeting, convened by the Bank of England, is attended by general managers from the four UK clearing banks, as well as

David Owen and David Waller on the events that led to an administration order being put into effect for the financial services group

## How B&C was put to sleep



COUNTDOWN TO ADMINISTRATION

- 17 April B&C calls in administrators at Atlantic Computers, writes off £550m and requests share suspension.
- 18 May Warburg's draft reconstruction proposals for B&C begin to circulate.
- 19 May Possible erosion of liquidity at B&C Merchant Bank begins to cause concern. New £100m standby facility from eight creditor banks mooted.
- 22 May, am Meeting of standby facility banks at Bank of England. Some banks unhappy.
- 23 May, pm Revised Warburg proposals outlined to B&C creditors at Bank of England.
- 24 May B&C board meeting hears of deteriorating trading conditions at certain subsidiaries.
- 30 May Eddie George, deputy governor of Bank of England, telephones senior bankers to discuss standby.
- 30 May, pm Bank of England informs regulators agreement on standby is unlikely.
- 31 May, pm Bank of England tells regulators that standby efforts have failed. News reaches B&C and Warburg in middle of meeting with bondholders.
- 1 June, 9.00am Sir Peter Thompson, B&C chairman, has series of meetings with individual senior bankers. No breakthrough achieved.
- 1 June, 1.00pm B&C board accepts that calling in administrators is only option.
- 1 June, 4.00pm SIB removes B&C Merchant Bank from list of authorised banks.
- 2 June Further bank attempts to negotiate standby fail.
- 3 June Administration order for B&C secured at Mr Justice Vinelott's home.

Telephone diplomacy: Sir Peter Thompson, left, Eddie George

posals on the following Monday. ("I think the deadline went down very badly," one B&C adviser said this week.) No mention is made of the looming crisis at the merchant bank.

A tense B&C board meeting takes place in the evening, at which details of increasing trading difficulties at various B&C operating subsidiaries are unveiled.

Wednesday May 30. As squadrons of merchant bankers and lawyers get to work on the final drafting of the Warburg plan, the Bank of England learns that the three recalcitrant banks have not changed their minds over the standby facility for BCMB. Eddie George makes a series of "top-level" telephone calls to the

banks to spell out the consequences of their lack of action over the facility.

In the afternoon, the Bank holds meetings with the SIB and the three other bodies with regulatory responsibilities under the Financial Services Act. They are informed that the standby facility is probably not attainable.

Thursday May 31. The B&C board meets at 8.30 am and discusses the possibility of making board changes in return for creditors' agreement on the Warburg plan.

Following further futile attempts to bring the Midland, Lloyds and Standard Chartered into line over BCMB, the Bank of England tells the other regulators that prospects of putting

the standby into place have evaporated.

Warburg spends the morning at Barclays, which is co-ordinating senior bank creditors' responses to the reconstruction proposals, holding "very constructive" discussions about its plan. This meeting breaks up at 2pm: BCMB is not on the agenda.

A 2.30 pm BCMB executives go to the Bank of England and are told that it has not been possible to put together the standby. Shortly afterwards, this news is communicated to the Warburg team in the middle of a meeting over a legal wrangle with B&C bondholders. "A potentially fatal blow had come from an unexpected quarter," one adviser recalled.

As the penny drops, an emergency board meeting is convened for 7.30 pm. At the meeting, the board expresses bewilderment at this unexpected turn of events. "The view of the board was that this all seemed rather precipitous," an adviser said later. "They couldn't quite understand the speed at which various things seemed to be happening."

It is decided that Sir Peter Thompson should pay a visit to the chairman of some of the banks the following morning to make sure that they are fully aware of the consequences of not backing the facility; the meeting breaks up at about midnight, "in something of a quandary".

Friday June 1. Sir Peter makes his visits and duly receives confirmation that the banks know what they are doing. At the same time, lower-level executives from the banks are meeting in a last-ditch attempt to hammer out an agreement. One suggestion is that individual bank contributions to any standby facility should be geared to their exposure to the entire B&C group: one bank estimates that it faces a loss of £20m if the negotiations fail. While some banks are amenable to this initiative, others continue to hold out. All express reluctance to fall into line unless the undertaking is unanimous.

"We were prepared to support the company at all stages, provided the other banks did the same," one banker said this morning. The B&C board reconvenes at 1pm, with no end to the stalemate in prospect. The board accepts that there is no future for the Warburg proposals and listens to advice from Stephen Adamson, an insolvency expert at Ernst & Young, the accountancy firm eventually appointed administrator. It is accepted that the protection of an administration order must inevitably be sought.

After the markets close, the SIB removes BCMB from its list of authorised banks and orders SIB-regulated firms to remove client money.

Saturday June 2. Some of the banks exchange telephone calls in half-hearted attempts to forestall the inevitable. According to one banker, calls are made until early Sunday afternoon. But he adds ruefully: "By the time we had got around to doing anything constructive, it was too late."

Sunday June 3. A meeting at the offices of Ernst & Young - attended by the chief executives of some 30 B&C subsidiaries, as well as lawyers and merchant bankers - seals the group's fate.

At about 5pm, about a dozen of those present depart for the judge's bed-chamber.

This week, protagonists in the affair were still puzzled as to why the three banks had decided against supporting the standby facility. Midland Bank said yesterday that its decision not to support the facility "was based on strictly commercial banking judgments".

Many were astonished that the standby issue was the straw that broke the camel's back. "It is like the murder of the Archduke Ferdinand in Sarajevo," said one there: times when you can only see the true significance of events in retrospect.

## MAN IN THE NEWS

Luca di Montezemolo

## A home win for Italy's princely charmer

By John Wyles



Italy has performed a miracle in completing an ambitious building programme in little more than a year, his has been the constant nightmare that some stadia would not be finished in time for the 1990 World Cup.

As a La Sapienza university he was already known as "the advocate's advocate," so close was his relationship with "The Advocate," who then, as now, was president of Fiat. Few were surprised, therefore, that Mr Gianni Agnelli should take him into his confidence and the two years at Ferrari should have been followed by six at Fiat, where he more catapulted than rose to the post of director of external relations.

In 1981 he was made managing director of Fiat's publishing company, ITEDI, from which position he was both promoter and publicity manager for the project which for the first time ever launched an Italian boat, the Azura, into the Americas Cup in 1983. Thence on to Geneva where he ran Cinzano International (at that time 50 per cent Fiat-owned) for a couple of years before Mr João Havelange, the Brazilian potentate who heads

championship and Mr di Montezemolo's reputation was made.

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Fifa, asked him to head the organising committee, Italia 90. From the beginning, Mr di Montezemolo identified the need for a structure somewhat different from that deployed in previous World Cups where Fifa sold exclusive marketing and sponsorship rights to the Swiss company ISL Marketing and the German company, Telomond. These two in turn sold exclusive sponsorship status to a group of international companies, including Coca Cola, Mars, Alfa Romeo, Gillette and Philips.

Says Mr di Montezemolo: "My opinion and past experience said that sponsors and money were not enough. I needed two other things: know-how and manpower." As a result, Mr di Montezemolo persuaded Fifa that a group of Italian "supplier" companies should have the same promotional rights and access to the World Cup logo as the official sponsors in return for the payment of £8m each and the secondment of management to the organising committee. The

result was "a positive cash flow over the last five years" and a co-ordinated approach to the provision of banking, insurance, transport and communications services for the organising committee.

So it is that Fiat has committed 510 official cars for the ferrying of VIPs, together with Iveco coaches to transport the 24 teams. Olivetti has supplied an integrated computer system together with terminals and lap tops for journalists, STET the telephone lines, Banca Nazionale del Lavoro took care of ticket sales, INA of insurance, Radio Televisione Italiana (RAI) of broadcasting facilities and Alitalia and Ferrovie dello Stato (FS) of transport services.

The only initiative which seems to have stumbled is 90 Tour, an Alitalia-FS joint venture, whose sales of tickets and holiday packages have been less than brilliant in some parts of the world because of overpricing and competition from unofficial operators. With 38 per cent of the 2.6m tickets sold - itself a World Cup record - Mr di Montezemolo has assured a commercial success for Fifa and now awaits confirmation of an organisational one.

Prize-money visibly racing and a little careworn, he stared at his computer-laden desk and confessed a few days ago that he would not want to relive the past five years. "I have had to deal with a lot of problems which are special to this country and many of which were out of my control. Everything has had to be done by a certain date, because you cannot postpone the World Cup."

Mr Havelange has asked him to organise the next one in the US, but in the absence of such masochism, soccer may be as much in Mr di Montezemolo's future as in his past. Everyone in Italy now takes it for granted that The Advocate wants his advocate to be president of the Agnelli soccer team, Juventus - provided, of course, that Mr di Montezemolo can stand the sight of a football after the next month.

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John Wyles



# The challenge facing the war president

Robert Graham on the menace posed by Colombia's drug barons

It was a slight bump involving a jeep and a taxi in a small Bogotá side-street. But as the two drivers began to remonstrate they were surrounded by heavily armed soldiers in combat fatigues who converged on the scene at the run. Within minutes the area was cordoned off and a sniffer dog was probing the vehicles for signs of explosives.

The accident occurred earlier last week just behind the headquarters of Mr Cesar Gaviria, the 43-year-old economist who is Colombia's newly elected president. Such is the concern for the Liberal Party politician's safety that even the most innocent incident is treated with the utmost suspicion.

"He is a war president," says Mr Enrique Santos, editor of the Sunday edition of *El Tiempo*, Colombia's leading newspaper. When he takes office in August, Mr Gaviria will inherit the unfinished war being waged against the most vicious elements controlling the multi-billion dollar illicit drugs trade. In a country with a bewildering collection of 140 armed groups of the left and right, causing more than 7,000 deaths a year, the drug barons represent the greatest challenge.

In no other country bar Lebanon could a president-elect be so palpably threatened. Three presidential candidates were murdered during the campaign including Mr Gaviria's Liberal Party colleague, Mr Luis Carlos Galan.

Stepping into Mr Galan's shoes, Mr Gaviria, a slight, intense figure, has taken a tough line towards the drug traffickers. And having won the May 27 election, Mr Gaviria has become the prime target for the perils of the drug war. Mr Gaviria, the man behind the Medellín cocaine cartel, is already inured to the intrusive paraphernalia of high security. Security considerations caused him to avoid all but the most essential public appearances during the campaign. But his election - in spite of a 57 per cent abstention rate at the polls - is a source of tangible relief in the country simply because Mr Gaviria was the clear favourite and he survived.

In a cramped flat where he is working on plans for government, it seems almost impossible to ask whether he is afraid at the thought of being top of the drug barons' hit list. "I am not the only person whose life is under threat (of death) in Colombia. There are thousands of others, especially those in the judiciary and in the security forces whose lives are being threatened," he says.

This is not modesty but an expression of collective solidarity. It is also fact. In Medellín, Colombia's second city and the centre of the illicit cocaine trade, the toll of policemen murdered this year passed the 100 mark this week. Over the

past decade more than 220 judges and magistrates have been killed.

The drugs traffickers hope to bully the state into offering them an amnesty; or at least to prevent their extradition to the US. Their limitless funds have subverted officialdom, infiltrated the upper echelons of the administration and paid for willing assassins. Equally, disquieting is the murky alliance they have formed with right-wing elements in the armed forces. On government estimates 70 per cent of political killings are directed against the left.

No one is safe. Mr Carlos Pizarro, the M-19 guerrilla leader and presidential candidate of the nascent leftist political movement, was shot in an aircraft cabin on a scheduled flight.

Mr Gaviria comes from the same Liberal Party as the outgoing President Virgilio Barco Vargas and served under him both as economy and foreign minister over the past four years, so a broad range of policies are likely to stay the same. On the economy there will be few surprises, he says.

"Colombia has been the only Latin American country with growth over the last decade averaging 5 per cent a



A heavily-guarded Cesar Gaviria, Colombia's president-elect

year... We have no need of shock programmes. We have a long tradition of gradualism and we will be following the general trend in the region of liberalising trade."

"The main difference will be one of style," says Mr Rodrigo Pardo, a Gaviria spokesman. "He is decisive, cool and pragmatic with a great ability to project himself."

On the overriding issue of drugs, Mr Gaviria promises to introduce a key nuance. He distinguishes between "narco-terrorism" and "narco-trafficking". This distinction is aimed at isolating those traffickers who have carried out violent acts against the authorities from those who are simply involved in the illicit trade. The former, having deliberately challenged the state, must be brought to justice. The drugs business, on

the other hand, although it entails a measure of violence, can nevertheless be treated as a socio-economic and political problem.

In practice this means that the "war" will wind down if and when Mr Escobar and a handful of his henchmen are caught or eliminated. The circle is closing round him. Gonzalo Rodríguez Gacha, ("El Mericano") who ran the Medellín cartel's military operations, was killed by the security forces in December.

Some Medellín cartel members have distanced themselves from Mr Escobar's tactics of mayhem because "it's bad for business". The rival Colombian cartel in the southern city of Cali is believed to be actively helping the authorities track him. Cornered, Mr Escobar could well self-destruct on a monumental scale, the authorities fear.

So far, heightened initiatives by the US and the Andean countries have made only a small dent in the supply of cocaine. The Colombian central bank reckons that drug money inflows since President Barco launched his "war" last August have fallen a mere \$90m and are still running at more than \$700m a year. Mr Gaviria and his advisers insist

Colombia cannot be expected to cut back cocaine production until the US can at best achieve only a slow reduction in its own citizens' demand for the drug.

Mr Gaviria is being driven to shift his thinking away from a military solution to the drugs problem by the sheer cost of the current conflict and the limited nature of international financial backing. Colombia is spending more than \$1bn annually on security. Financing the "war" has forced this year's budget deficit up to 2.3 per cent of gross domestic product and has raised inflation to what for conservative Colombia is the relatively high level of 30 per cent a year.

He has rejected negotiations with the traffickers; but members of the Barco administration have had "contacts" as did the previous Betancur government. Colombian society remains extremely ambivalent towards drugs-trafficking, but there is outright condemnation of the way some of the key figures like Mr Escobar have got out of control. Such public attitudes encourage an informal modus vivendi between the government and the rest of the traffickers.

The power of the drug barons can be weakened, Mr Gaviria's aides argue, by cleaning up the armed forces and putting new life into democratic institutions. In a separate ref-

erendum held alongside the presidential elections, 88 per cent of the voters endorsed the idea of holding a constituent assembly to discuss constitutional reform. Mr Gaviria has considerable experience of dealing with Congress, and if astutely used, the constituent assembly could become an instrument to rejuvenate the political system, which has long been discredited by a power-sharing arrangement between the Conservatives and Liberals.

"It is a positive sign that the M-19 guerrilla movement has withdrawn from armed conflict and has joined the political process," says Mr Gaviria. Mr Antonio Navarro, the last minute substitute presidential candidate of M-19 following the death of Mr Pizarro, polled a healthy 12.5 per cent. Discussions are going on with at least two of the remaining five leftist guerrilla groups under arms. The changing international ideological climate is undermining the guerrillas; but they will forgo their quick mix of banditry and revolution only if the army is purged of right-wing extremists who have helped to sow terror in the countryside over the past decade.

Mr Gaviria's faith is being put in the youthful energies of Mr Gaviria to reduce the pervasive climate of unaccountable violence. Yet he faces a daunting task when he takes office in August. To succeed, he must get Mr Escobar and his kind before they get him.

## Farm ministers milk the mad cow scare

The BSE scare has exposed conflicts in the EC's bid to dismantle trade barriers, says Tim Dickson

The advances which the European Community has achieved towards a single market over the past two years owe much to the fact that agriculture ministers have quietly faded away.

Debilitating crises over farm spending disappeared from the headlines after February 1988, when heads of government "reformed" the Common Agricultural Policy (CAP), simultaneously voted Brussels a proper budget, and agreed to get on with the more important matter of knocking down barriers to trade.

This week's Farm Council marathon over BSE, or mad cow disease - 24 hours of negotiations in the drab Charlemagne building - revived memories of the "bad old days". The lesson of what has just happened, however, is not so much that there is a danger of the clock being turned back as that the 1992 agenda is still far from complete.

Mr Michael O'Kennedy, the Irish chairman of the Farm Council, pointed to the risks of forgetting this after Thursday's meeting. "All this high-sounding talk of political union," he said, "can only be based on a political agreement that recognises... the interests of member states."

Intoxicating events in Germany and eastern Europe, and the push which this has given to closer integration of the community, have naturally preoccupied policymakers in Brussels of late. With almost biblical suddenness an animal scourge has now provided a reminder that resolution of commercial conflicts is still the Community's basic purpose.

Several ingredients have

combined to make the BSE battle important for Brussels. The first is that as well as undermining EC law, the French, West German (and latterly Italian) bans on British beef threatened to breach the principle of mutual recognition and trust on which the internal market edifice is being built.

Food has long been identified as an issue on which the whole effort might founder, given the political sensitivity not only of food safety but of food quality. The European Court of Justice, for example, has worked hard to enforce free trade over national food laws, defeating Germany's attempts to protect its drinkers from "impure" foreign beers and scuppering Italian

efforts to keep out a West German pasta.

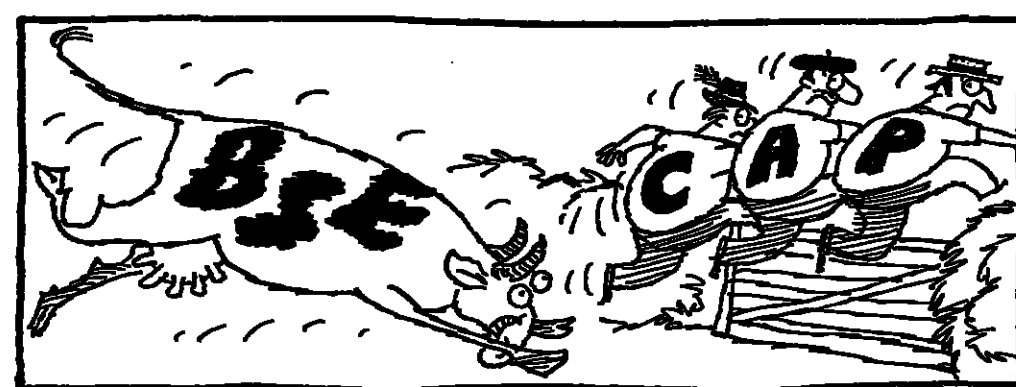
This week, however, the much more emotive safety question was in the spotlight. The European Commission's argument strongly backed by the UK - was that the only sound basis for policy judgments is scientific advice, which is why Wednesday's meeting of the independent EC scientific veterinary committee ahead of the Farm Council proper assumed significance.

Not that scientific advice has always won the day when it comes to food. The Commission itself has been known to overrule expert recommendations in deference to political pressure: witness the long-running dispute over use of growth-promoting hormones

in beef production. In the highly charged circumstances of the BSE debate, such pressure was irresistible, which is why ministers again went further than the experts said they needed to by introducing additional safeguards on British beef exports.

Insofar as such moves reflect genuine consumer concern, they should not cause too much controversy. Problems arise when, as in the case of the embargo on British beef, legitimate fears appear to be exploited for narrow national and commercial ends.

Fears that the beef row will spark further unilateral actions by individual member states are probably misplaced. But the EC will not find it any easier to establish a single market in animals and animal products after recent events. Its big challenge is to harmonise hygiene standards in food-processing plants and to eradicate animal diseases so that



trade can flow safely between member states after 1992, when Customs checks are due to disappear.

Consumer safety is certainly one consideration in these talks, but so is the need to prevent disease among farm animals from spreading across frontiers. The more immediate question is whether the BSE scare can now be laid to rest. Brussels will certainly hope so, not least because falling

beef prices have already triggered special EC market support, thereby reviving the expensive nightmare of food mountains.

Curiously, amid all the furor over BSE, the EC this week balked at banning the controversial practice which some suspect contributed to the problem in the first place: the feeding to cattle of animal wastes. UK experts believe these contain the slow-devel-

oping virus which has now emerged as "mad cow disease". The Commission has undertaken to examine how these feeds are made but a proposal to extend the present ban to cover the use in the UK, Denmark and the Netherlands across the Community was dropped at the insistence of the Belgians among others. It would be no surprise if European consumers were still somewhat confused.

## LETTERS

### Curbing bulls in the private investors' china shop

From Mr M.J. Hart

Sir, I must challenge the suggestion in your editorial "The future of investment trusts" (June 7) that British Coal Pension Fund's bid for Globe does not raise issues of competition policy. This completely ignores the impact of the bid on the total structure of the savings market, and the fact that investment trusts are in a period of transition.

After years of suffering from tax policies which favoured (and continue to favour) the institutional investor, they are now fighting successfully to regain the support of the private investor, a cause to which the present Government has given public support and com-

mitment. We do not suggest that investment trusts should be bid for merely that holders with inordinate tax privileges should not act like bulls in the china shop of private investors.

The competition issue arises because investment trusts are the efficient low-cost producers of pooled equity management and their savings plans, in particular, are the most cost-effective product on the market. Although sales may only be running at a rate of £12m per annum, their growth rate has been spectacular. A successful bid for Globe could nip this growth in the bud by destroying credibility of investment trusts since the private investor is looking for a long-term

investment, not a short-term speculation.

Investment trusts may not widely be seen as serious competitors for other savings products, including building societies and endowment policies, but I suggest that their renewed vitality has not gone unnoticed in certain boardrooms.

And I could not help groaning at the repetition of several hoary old myths.

First, the confident assertion of a simple rationale for the discount - just apply it to other types of companies which sell at a discount to see that the argument does not hold water.

Second, that the discount is a drawback. It isn't necessarily

so. Even with the discount going up and down, this has not prevented investment trusts being an excellent investment for both institutions and private investors. Your writer may be amazed to learn that some trusts have even beaten index funds and many well-known growth stocks. Globe may not have been a spectacular performer by the demanding standards of investment trusts but, on a 10-year view, it has out-performed the all-share index by 10 per cent.

M.J. Hart, Chairman, Association of Investment Trust Companies, Park House, 16 Finsbury Circus, EC2

### Bathing blues

From Mr Michael Carney

Sir, David Thomas's report on the Blue Flag beach awards ("Call for pollution warnings," June 6) was one of the few accurate newspaper reports. However, even he tended to imply that we lag behind Europe on bathing water quality. This is not so.

Out of 401 designated bathing beaches, 304 meet the European Community's water quality requirements. So on water quality criteria, there could be 304 Blue Flag beaches in England and Wales.

The reason there are only 17 is that the remaining 287 either are not put in for the award or do not meet the other criteria. That is, they are not properly managed by local authorities, they do not have a dog ban or they are filthy with litter from the public or ships.

It is this "disgrace" referred to by Professor Ashworth. He was not referring to the water quality standards, rightly because bathing water quality is already up to EC directive requirements in 76 per cent of the designated beaches and the others will be brought up to standard as soon as practicable.

The water companies plan to spend £12bn on improving waste water systems and treatment in the next 10 years. This is three times more than the £4bn spent in the last 10 years (both figures at 1988 prices). We cannot carry out such a massive programme any faster. After all, we do have the legacy of over 100 years of public ownership to put right.

So the main problem of Britain's beaches is not water quality, but beach management. It is essential now to focus on the real problem. Otherwise by the middle 1990s we will have clean bathing water and filthy beaches.

Michael Carney, Water Services Association of England and Wales, 1 Queen Anne's Gate, SW1

### Equal opportunities successes

From Ms Joanna Foster

Sir, Fay Weldon's article "Second among equals" (May 26), though an informed assessment, does rather concentrate on the negative. It shows how expectations for women have risen ahead of realities. But we should not underestimate the immense advances that have been made in the past 15 years. The legislation enforced by the Equal Opportunities Commission has both prevented the worst excesses of discrimination and developed many positive influences towards equality between the sexes.

The continuing gap between men's and women's earnings is a result of job segregation and the lack of women in senior positions. The equal value regulations should provide the means to narrow this gap. Their failure to do so is due to their complexity, which is why the EOC is pressing the Government to simplify them.

Despite its limited resources the EOC has achieved much through the innovative use of its legal powers. Discriminatory advertisements are all but

eliminated and most schools are highly aware of equal opportunities. Most major employers have equal opportunities policies and the small number of formal investigations (14 out of 10) is a measure of our success in persuasion.

More recently we have others have achieved separate taxation for married couples, removal of tax on workplace nurseries, and equal retirement and occupational pension ages. That should please at least one reader (Mr Clayton Letters, June 2) and no doubt your other male readers.

Joanna Foster, Chair, Equal Opportunities Commission, Overseas House, Quay Street, Manchester

From Mr Labi Siffre

Sir, David Strawbridge (Letters, June 2) is correct in his response to Fay Weldon when he says you do not have to be female (or black) to work for a sex-shop. But it helps. Labi Siffre, 55 Fulham High Street, SW6

### Why BES's days are numbered

From Mr George D. Mackenzie

Sir, Kevin Goldstein-Jackson suggests "Some home truths," (May 26) that the days of Business Expansion Schemes are numbered. I agree.

When I first invested in BES six years ago I recognised that the 12 would be failures and successes, but hoped that overall I would recover at least my gross investment and so retain my tax relief. Now that the early schemes are maturing I find that indeed I have suffered failures, but that many of the successful companies are reluctant to pay out. Suddenly they want to claim extra sponsors' shares, directors' options, staff incentive schemes and other ways of retaining much of their shareholders' profits.

One BES company purchased what it described as a valuable asset and, 12 months later, proposed selling it to the managing director for less than the cost and with payment deferred for two years. Another revalued its properties and then altered its articles to increase the directors' share incentives from 30 per cent to

33 per cent of the profits - and that two years earlier than originally proposed. In general, having held shareholders' funds undisturbed for five years, many boards have forgotten whose company it is.

Also, some recent prospectuses seem detached from reality. It is difficult to be enthusiastic about proposals to breed goats, farm scallops, or run cruises to the Hebrides. And I am reluctant to invest £40,000 in a company with a 22-year-old finance director who likes to be known as Mike.

Finally, if most people, like me, hope for no more than to retain their BES tax relief, the same effect can now be obtained, without risk, by paying one's 40 per cent income tax and then investing the remaining 60 per cent in gilts to build it up to 100 per cent in five years. But if sponsors are looking for reasons why investors are becoming less interested in BES, much of the blame lies with themselves. George D. Mackenzie, 11 Barony Park, Kelso, Roxburghshire

### Manchester Grammar School's old boys and the sweet moans of success

From Mr Alexander Connock

Sir, David Waller argues ("The religion of success," June 2) that the old boys of Manchester Grammar School tend all too often to make the perfect tax lawyers and auditors, and as FT accountants, he should correspond. But I'll disagree with him anyway.

Like Mr Waller, I too went to MGS, in fact we used to get the same school bus. My problem with his piece is that it is all very well to moan about a school's worship of the religion of success, if, like Mr Waller, you are successful. I am sure we would both have enjoyed a more relaxing academic environment. Life

classes would indeed have been fun. And I would have loved to learn "how to begin and end relationships with members of the opposite sex" - it would have been useful for the school bus.

But since in the real world most of us are unable to make a living as painters or gigolos, we have to ingratiate ourselves

to conventional employers who tend to demand conventional niceties like A-levels and university degrees. I bet the FT would not have given Mr Waller a job if he had walked into the interview with nothing but a highly creative poem-novella and a long list of sensitively concluded love affairs.

MGS gives boys a basic education and gets them to university. This is not done out of some quasi-religious fanaticism - it is pragmatic. Like it or not, people who went to Oxbridge have more job opportunities in modern Britain than people who did not. Alexander Connock, 243 East 21st Street, New York

ADVERTISEMENT						
BUILDING SOCIETY INVESTMENT TERMS						
	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	
Alliance and Leicester	Capital Growth	12.75	12.75	Yearly	£1,000	
	Gold Plus	11.00	11.00	Yearly	£1,000	
	ReadyMoney Plus	7.00	7.12	1/4 yearly	£10	
	Cash Plus	4.90	9.00	Yearly	£25,000	
	Miles	11.00	11.00	Yearly	£25,000	
	Money Day	12.25	12.25	Yearly	£25,000	
	Sunbank	11.80	11.80	Yearly	£25,000	
	Sharebank	12.25	12.25	Yearly	£25,000	
	Optax (UK) 738710	Optax Ultra	15.75	15.75	Yearly	£25,000
	0002 738710	Maximiser Bonus	10.00	10.00	Yearly	£25,000
Breitbart and Blythe (0274 561545)	Maximiser Bonus	11.00	11.00	Yearly	£10,000	
	Maximiser Option 1	11.00	11.00	Yearly	£2,500	
	Maximiser Option 3	11.50	11.50	Yearly	£2,500	
	Maximiser Option 6	12.10	12.10	Yearly	£2,500	
	Maximiser Option 6	12.10	12.10	Yearly	£2,500	
	Max 1 Capital	6.75	6.86	Yearly	£1,000	
	Max 1 Income	10.62	11.15	Monthly	£25,000	
	Trible Bonus	10.00	10.00	Yearly	£25,000	
	Share Account	7.75	6.86	1/4 yearly	£1	
	0003 504654	Optax 3Miles Cap	11.00	11.00	Yearly	£25,000
Britannia (0274 397999)	Trible Bonus	11.00	11.00	Annually	£25,000	
	Capital (0274 222 6736/47)	10.40	10.40	Yearly	£1,000	
	Fixed Rate 2/3 Yrs	10.50	10.78	Yearly	£1	
	Vibe net 2/3 Yrs	11.00	11.30	Choice	£1	
	Choice (0274 402 0006)	12.10	12.10	Yearly	£40,000	
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## ECONOMIC DIARY

**TODAY:** Mrs Margaret Thatcher, Prime Minister, visits Kiev, Mr Lothar de Maizière, East German Prime Minister, begins four-day trip to the US, where he will meet Mr George Bush, US President, in Washington on June 11. Meeting of four war-time allies and East and West Germany in East Berlin. Lecture at London School of Economics entitled "Management in the nineties in a context of contradictions: resisting nationalism, drive towards globalisation, European integration" by Dr Umberto Agnelli.

**TOMORROW:** Bulgarian elections. Peruvian presidential elections.

**MONDAY:** Retail sales (May-provisional). Producer price index numbers (May-provisional). Capital issues and redemptions (May). British Steel preliminary results. Warsaw Pact defence ministers meet near East Berlin (until June 15). European Community agriculture council meets in Luxembourg. European Parliament in plenary session in Strasbourg (until June 15). European Community finance ministers meet near East Berlin. Sentencing of Mr John Pindexter, former National Security Adviser, found guilty of lying to Congress.

**TUESDAY:** International banking statistics (first quarter). US current account (first quarter). Start of two-day Financial Times conference on "The publishing industry in the 90s" in London.

**WEDNESDAY:** UK balance of payments (first quarter). European Community consumer affairs council meets in Luxembourg. US retail sales (May).

**THURSDAY:** Labour market statistics: unemployment and vacancies (May-provisional); average earnings indices (April-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (May). Ministers from France, West Germany, and the Benelux countries meet in the Hague to try and finalise Schengen accord scrapping border controls.

**FRIDAY:** Usable steel production (May). Retail prices index and tax and price index (May).

## LONDON TRADED OPTIONS

THE EQUITY futures market gave up early gains to close lower at 2,301, down 34 points on the day, while in the options market turnover continued to decline. In the first hours of the session, however, the June FT-SE 100 index contract followed the pattern of recent days and moved sharply higher as a squeeze developed.

At one stage it was 46 points above the cash index and more than double fair value.

But after the initial gains the market lost momentum and volume dried up. From then on, prices swung erratically within a wide range, until Wall Street gave a clear lead.

During the afternoon, the futures market followed US equities.

Options trading was also lower with June eventually closing at 2,301, down 34 points on the day. The premium over the cash market closed at 25 points, compared with 41 in the previous session.

Dealers said the lack of economic statistics and the end of the latest stock-market account period had contributed to the directionless tone.

In the traded options market, dealing was subdued with overall turnover declining to just 22,798 contracts, compared with 38,888 the previous day. Traders said the slower pace of business on the stock market and also the end of the account period were the main reasons for the lack of interest.

Among the stock options, the busiest were United Biscuits, which traded 2,403, and was divided between 2,012 puts and 391 calls. The most active were the October 330 calls, which traded 2,000 contracts.

Rolls-Royce traded a total of 1,352 lots, which comprised 862 calls and 490 puts. The September 240 calls were the most active, as 425 lots changed hands. Other active stocks included Hanson and Amstrad.

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Dealers said the lack of economic statistics and the end of the latest stock-market account period had contributed to the directionless tone.

In the traded options market, dealing was subdued with overall turnover declining to just 22,798 contracts, compared with 38,888 the previous day. Traders said the slower pace of business on the stock market and also the end of the account period were the main reasons for the lack of interest.

Among the stock options, the busiest were United Biscuits, which traded 2,403, and was divided between 2,012 puts and 391 calls. The most active were the October 330 calls, which traded 2,000 contracts.

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## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Equity Groups Friday June 8 1990

Highs and Lows Index

Figures in parentheses show number of stocks per section

Index No. Day's Change % Est. Yield (Max.) Gross Div. Yield (Act. at 25%) P/E Ratio (Neu) Index No. Index No. Index No. Index No. 1990 High Low 1990 High Low

1 CAPITAL GROUPS (199) 904.76 -0.3 12.82 5.03 9.45 16.08 907.52 906.95 900.64 904.56 900.80 4/1 813.49 30/4 1038.07 16/7 87 50.71 13/12/74

2 Building Materials (27) 1109.98 -0.6 14.10 5.41 8.80 21.22 1116.29 1110.97 1124.19 1220.08 1188.21 3/1 909.61 30/4 1301.08 16/7 87 44.27 11/12/74

3 Contracting, Construction (36) 1421.25 -0.6 17.08 5.78 7.63 33.82 1413.21 1401.58 1403.84 1455.51 1421.44 4/1 1278.36 1/5 1351.50 16/7 87 71.48 2/12/74

4 Electronics (10) 2617.40 -0.9 10.17 5.13 11.32 61.43 2641.56 2593.35 2585.65 2655.60 2751.15 9/1 2173.25 30/4 3040.88 8/9 89 84.71 25/6/82

5 Engineering-General (43) 493.39 -0.8 13.14 4.72 9.07 9.31 497.13 489.88 493.56 0.00 497.13 7/6 409.55 6/3 497.13 7/6 409.55 6/3 90

6 Engineering-General (43) 501.91 -0.2 11.45 5.06 10.55 8.40 503.11 494.73 492.73 0.00 503.11 7/6 488.31 30/4 503.11 7/6 488.31 30/4 90

7 Metals and Metal Forming (4) 498.78 -0.7 23.70 6.29 4.78 2.51 495.43 486.20 487.24 542.26 513.57 4/1 437.99 27/4 586.67 9/10/87 49.65 6/1/75

8 Motors (16) 366.53 -0.2 15.02 6.16 7.77 9.64 365.79 359.77 359.34 372.81 403.90 4/1 327.76 10/5 411.42 13/10/87 19.91 6/1/75

9 Other Industrial Materials (20) 1653.42 -0.3 10.72 4.83 10.78 33.09 1659.16 1647.06 1640.12 1674.73 1774.64 3/1 1472.55 3/4 1381.53 18/8 89 277.55 15/1/81

10 Consumer Goods (178) 1313.82 -0.4 9.27 3.82 13.34 17.96 1319.64 1306.04 1309.29 1321.17 1357.03 3/1 1151.43 30/4 1417.92 4/9 89 61.41 13/12/74

11 Food Manufacturing (20) 1104.72 -0.9 10.24 4.31 13.89 12.47 1114.89 1102.49 1101.88 1107.29 1184.41 3/1 1001.05 30/4 1220.42 4/9 89 99.67 11/12/74

12 Food Retailing (16) 2213.77 -0.5 9.24 3.28 13.89 24.15 2228.34 2196.51 2196.51 2256.64 2328.04 1/6 2138.04 30/4 2722.20 9/9 89 54.25 11/12/74

13 Health and Household (15) 2507.26 -1.0 6.60 2.48 18.03 34.15 2522.47 2486.75 2493.31 2528.11 2795.49 4/1 2265.35 6/3 2795.49 4/1 2265.35 6/3 90

14 Leisure (31) 1486.07 -0.4 9.84 4.16 3.26 23.99 1492.65 1479.82 1475.42 1525.41 1717.22 9/1 1266.85 30/4 1845.77 8/9 89 54.83 9/1/75

15 Packaging and Paper (12) 603.45 -0.1 11.47 5.85 11.12 11.83 603.28 603.36 607.94 577.93 611.17 4/6 534.25 30/4 739.48 16/7 87 43.46 6/1/75

16 Publishing and Printing (16) 3498.28 -0.1 10.25 5.26 12.23 50.81 3494.97 3460.86 3510.54 3587.11 3853.61 4/1 3029.15 30/4 5070.66 5/10/87 55.08 6/1/75

17 Stores (35) 101.79 -0.3 10.79 4.53 11.86 12.47 102.85 101.79 101.79 101.79 101.79 3/1 101.79 30/4 101.79 30/4 101.79 30/4 90

18 Textiles (12) 815.10 -0.4 12.27 6.94 10.44 14.86 812.18 810.41 810.84 834.59 854.77 4/1 447.50 30/4 914.52 2/10/87 62.66 11/12/74

19 Other Financial (165) 1189.45 -0.4 10.92 4.95 11.01 11.38 1194.28 1181.58 1190.54 1218.67 1233.52 3/1 1029.71 30/4 1233.52 3/1 1029.71 30/4 90

20 Agencies (17) 1681.15 -0.2 5.99 2.35 10.91 14.99 1685.06 1661.54 1667.72 1734.23 1885.06 7/6 1471.39 30/4 1795.57 17/7 87 870.35 4/12/87

21 Chemicals (23) 1297.58 -0.5 10.86 5.10 17.77 31.08 1303.63 1282.90 1290.61 1264.11 1303.63 7/6 1138.16 27/4 1545.46 5/10/87 71.20 1/12/74

22 Conglomerates (14) 1702.47 -0.1 9.90 5.81 12.13 27.81 1707.99 1679.32 1691.76 1750.92 1770.25 3/1 1488.08 30/4 1815.46 13/10/87 95.19 10/12/74

23 Transport (13) 2271.48 -0.3 10.59 4.44 12.01 4.85 2276.54 2264.61 2271.73 2374.78 2458.00 8/2 403.22 30/4 547.59 12/10/87 31.21 7/1/75

24 Telephone Networks (2) 1193.31 -1.1 10.91 6.40 11.93 0.00 1199.85 1190.54 1218.55 1213.83 1230.72 3/1 1019.16 30/4 1290.72 3/1 1019.16 30/4 90

25 Water (10) 1923.32 -0.6 10.08 7.04 6.13 8.00 1924.36 1927.64 1923.30 0.00 2078.08 16/2 1820.20 1/5 2078.08 16/2 1820.20 1/5 90

26 Miscellaneous (26) 1811.32 -0.2 12.19 4.99 9.36 19.15 1812.30 1801.01 1804.63 1836.22 1981.35 3/1 1674.89 10/5 2087.08 11/7 89 60.39 6/1/75

27 INDUSTRIAL GROUP (482) 1186.39 -0.4 10.66 4.47 11.43 15.99 1191.11 1178.32 1183.60 1245.59 1294.94



INTERNATIONAL COMPANIES AND FINANCE

# GM plans some car assembly at Saab plant

By Kevin Done and Robert Taylor

GENERAL MOTORS OF THE US is to transfer some car assembly from West Germany to the Saab Automobile plant in Finland, as part of a series of measures aimed at cutting Saab's mounting losses, which more than doubled in the first four months of this year.

The move is aimed at improving capacity use at the Saab car operation, in which GM acquired a 50 per cent stake and management control late last year.

Saab Automobile, which is still half-owned by Saab-Scania, said yesterday that its losses in the first four months had jumped to SKr950m (\$163m) compared with a loss of SKr2.1bn in the whole of 1989.

Saab is also to withdraw from several components operations in Sweden and Norway and is to restructure its European sales operations.

Saab car sales in the four months fell 18.5 per cent to 33,285 vehicles from 39,845 a year ago chiefly as a result of a steep decline in sales in the US and in Sweden.

The company said that the rate of losses should slow later in the year. It has suffered one-off costs related to the commissioning of the new Malmö car assembly plant and a new engine plant in Söderställe. In addition, production has been cut to a low level to reduce stocks, and the company has been hit by rapid cost increases, high interest rates and unfavourable exchange rate movements in Sweden.

GM Europe said it was aiming to begin production of its Opel/Vauxhall Calibra coupe at Saab's Finnish plant at Uusikaupunki in March next year. Output in 1991 will total around 20,000 units. Investment at the plant will total around Fm200m (\$50m).

## DAF to expand bus unit

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle maker, is expanding United Bus, its majority-owned bus and coach subsidiary, with the takeover of Den Ouden, a Dutch bus body builder.

United Bus was formed late last year through the merger of DAF's bus and coach operations with Bova, a rival Dutch bus maker. Last month United Bus took over Optare, a small UK bus builder.

United Bus claims it is now in sixth place in the European bus and coach market with a share of about 6 per cent. It will have a turnover this year of about £156m (\$263m) and an output of 1,700 chassis and 960 complete buses and coaches.

DAF also said yesterday it had made several moves to establish a dealer and service network in eastern Europe. It has signed dealer and service contracts with 14 East German companies and letters of intent with a further 16. DAF is also to establish four truck service points in the Soviet Union.

# HDM seeks acquisitions to strengthen US market

By Alice Rawsthorn

HDM Worldwide, the international advertising agency, plans a series of acquisitions to strengthen its interests in the US.

HDM, which is owned jointly by three marketing groups - Young & Rubicam and the US, European and French and Denton of Japan - has been searching for potential US acquisitions for several months.

Mr Gary Burandt, chief executive of HDM in New York, said it was in the final stages of discussions with a number of US agencies.

The HDM board will decide whether to go ahead with the acquisitions when it meets in Rome at the beginning of next month.

The US is by far the weakest of HDM's three main markets. It contributed around 10 per cent of the agency's \$2.55bn billings - and \$368m gross income - last year, compared with 60 per cent from Europe and 30 per cent from Asia.

HDM is the fifth biggest advertising network in Europe and the second largest in Asia. But its New York and Los Angeles agencies rank as the 37th network in the US.

Although HDM's three owners all have equal shares in the agency, they each take the lead in managing its business in their own regions. Eurocom runs HDM in Europe, Denton in Asia and Y&R in the US.

In recent months Eurocom and Denton are understood to have become concerned about HDM's comparative weakness in the US.

In the late 1970s Havas Conseil, part of Eurocom, and Marsteller, a Y&R agency, joined forces to form HDM. Denton became involved in 1987 through its joint venture with Y&R in the Pacific. The HDM network has since expanded rapidly.

## AT&T sells part of CIR holding

AMERICAN Telephone and Telegraph of the US has raised \$250m (\$201m) through the sale of part of its holding in CIR, Mr Carlo De Benedetti's industrial holding company, our Financial Staff writes.

Its 91m savings shares in CIR have been bought by Sprind Gestione, an investment house which acts as adviser to Mr De Benedetti's mutual funds. AT&T, which acquired the holding last year in exchange for its stake in Olivetti, still owns 91m ordinary shares representing some 17 per cent of CIR's capital at current prices.

# The ever-changing face of Japan's Shiseido

Clay Harris looks at the turnaround of a leading international cosmetics company

Raygenic, a make-up powder launched in April by Shiseido, Japan's largest cosmetics company, changes colour with the light.

When she is indoors the wearer appears fashionably pale. Exposed to sunlight, however, the powder darkens to maintain a skin tone more life-like than that of a whitened gelatin - a look the modern woman has no desire to emulate, even in Japan.

Like the powder, Shiseido's image depends on the eye of the beholder. In Europe, its cosmetics are marketed selectively, at the very top of the market. In Britain, for example, they are sold in only eight department stores, even though Shiseido ranks seventh in non-franchise cosmetic sales in the continental market comprising Italy, West Germany, France and Belgium. You will search the world's duty-free shops in vain for Shiseido.

To the Japanese, however, it is a household name, with a product range extending from the exclusive to the everyday. Health foods and toiletries such as soaps and shampoo bolster its cosmetics to lift sales to ¥456.4bn (\$3bn) in 1989-90.

Raygenic contains particles of titanium dioxide adapted to change colour, just as photochromic sunglasses do. It illustrates one of Shiseido's strengths as it expands outside Japan: product innovation through heavy investment in research and development. Spending on basic and product research exceeds 3 per cent of turnover each year.

Ten years of development went into one of its most successful new products, Whiteness Essence, based on a synthetic version of arbutin, a constituent of the leaves of Japanese pears and cowberries, inhibits the formation of the melanin which creates freckles and age spots.

Although they retail at ¥10,000, some 600,000 of the 30g tubes were sold in the first few months after launch in January, strong figures which prompted heavy buying of Shiseido shares.

But a Japanese saying warns, "A fair skin hides seven flaws," and Ms Eleanor Marsh, an analyst in Tokyo for S.G. Warburg Securities, cautions that enthusiasm may prove to be overdone for a product which is expensive even by Japanese standards.

The company has a recent history of blemishes beneath the make-up. In 1986-87, pre-tax profits plunged by half to ¥16.7bn when Shiseido finally faced up to the fact that cosmetics had been slipping up in the stocks of sales subsidiaries.

Shipments were stopped and stocks recalled, requiring write-offs totalling ¥30bn over three years. The distribution system has been streamlined and safeguards instituted to prevent a recurrence of the problem with stocks.

Mr Yoelkang of Yukubara, grandson of Shiseido's founder, took over as president and chief executive in 1987 and has won high marks for the turnaround.

Shiseido last week announced consolidated pre-tax profits of ¥34.5bn for the year to March. However, accounting changes on transactions between parent and subsidiaries added to the figures' lack of comparability with the previous four-month financial period which bridged a change of year-end.

For the current year, Shiseido forecasts pre-tax profits of ¥39.4bn. By the end of the decade, Shiseido wants overseas sales, including those of affiliates, to account for a quarter of the total, about double the present proportion.

Shiseido has a product range extending from the exclusive to the everyday. Health foods and toiletries such as soaps and shampoo bolster its cosmetics to lift sales to ¥456.4bn (\$3bn) in 1989-90.



Shiseido has a product range extending from the exclusive to the everyday

It strengthened its US manufacturing position two years ago with the \$45m purchase of Zotos International, now the source for most hair-care products sold outside Japan. It is building a cosmetics factory at Glen in France's Loire valley.

Products are carefully chosen for each market. For example, Whiteness is unlikely to be sold outside Asia. "We feel Oriental people are attracted to fair skin," said Mr Yasutaka Mori, deputy general manager for international strategy planning.

Shiseido, which was founded in 1872 as Japan's first western-style pharmacy, has long aimed to be a hybrid, not just a mixture, of east and west. Its 10-year-old corporate identity, the sinuous head and shoulders of a woman about a scarlet disc, may have the allure of the

Orient to European eyes, said Mr Mori, but to the Japanese, it looks very western.

Indeed, Shiseido's distinctive look in packaging and advertising retains echoes of art nouveau and art deco dating from its first president's sojourn in France before the First World War and the connection has been strengthened in the past decade through work by the French designer Serge Lutens.

The east-west fusion also surfaces in Shiseido's research which extends into psychological and even spiritual realms. Its Institute of Beauty Sciences has developed, for example, a system combining western massage and Oriental techniques which exploits what is known as qi, the body's natural energy to restore "inner well-being and outer beauty".

More conventionally, the institute also studies new make-up and hair techniques, researches tastes and desires and trains the company's beauty counsellors - saleswomen whose soft sales pitch is so subordinated to the notionally independent advice they give that they are not paid commission.

These days, even Shiseido's headquarters in Tokyo's Ginza district smells of roses - or of citrus or jasmine, depending on the time of day. This is the company's means of demonstrating "aromacology" - the Muzak of fragrance.

Jointly with Kajima, the construction giant, it is promoting the installation of ducts to waft such scents around offices. Seiko, meanwhile, is producing alarm clocks which rouse with a whiff of Shiseido-supplied eucalyptus, although a buzzer also sounds to wake the drowsy. Soon there may be no escape.

## Cypress in deal to license Soviet chip technology

By Louise Kehoe in San Francisco

CYPRESS Semiconductor, one of Silicon Valley's fastest growing chip makers, has signed a letter of intent to license semiconductor technology from the Soviet Union in what is believed to be the first agreement of its kind.

Under the planned deal, the Soviet International Centre for Informatics and Electronics (Intervm) will license Cypress to use advanced semiconductor technology developed in the Soviet Union as well as certain Soviet chip designs.

Such products and technologies could include chips targeted at high-definition television (HDTV) markets, digital signal processing (DSP) chips used in telecommunications and audio/video applications and digital filtering devices used in communications applications, Cypress said.

In return for these products, design and manufacturing rights, Cypress will pay "reasonable royalties" to Intervm. Specific royalty structures will be negotiated as product designs and technologies are transferred.

Cypress will deposit \$100,000 in an escrow account from which Intervm can withdraw royalties as they are accrued.

"This is a tremendous opportunity," said Mr T.J. Rodgers, chief executive of Cypress, "Our philosophy is to grow through the addition of new products and product lines. This agreement fits our needs perfectly."

Mr Rodgers also says the Soviet deal meets the company's need for high-quality process technology, international marketing capabilities and support as well as negotiable currency - all things we can provide. We see this as a long-term, win-win situation."

Mr Rodgers will travel to Zelenograd, the Silicon Valley of the Soviet Union, next month to discuss the specific technologies and products under consideration.

© Texas Instruments of the US will shed 1,000 workers in its defence systems and electronics division over the next year in response to US defence spending cuts, the company said yesterday. The unit employs about 22,000.

## Bond Media creditors extend life of loan

By Our Financial Staff

BOND MEDIA, operator of Australia's top-rated Channel Nine television network, moved closer to resolving its financial crisis yesterday when bank creditors extended the life of a \$436m (US\$285m) loan until next March.

The syndicate of banks, led by National Australia Bank, approved a recapitalisation plan agreed last weekend under which control of Bond Media is to revert to Mr Packer, its former owner.

Through the conversion of existing preference shares, his Consolidated Press Holdings stands to gain 60 per cent of the company for a fraction of the AS1bn price at which he sold it in 1987 to Mr Alan Bond.

Minority shareholders in Bond Media, whose investments were severely eroded as Mr Bond's fortunes declined, can vote at an extraordinary meeting to approve the change of control. Regulators have prevented Mr Bond's interests from voting their holdings.

## Morgan Stanley files \$1bn shelf registration

By Janet Bush and Karen Zagor in New York

MORGAN STANLEY, the Wall Street securities house, said yesterday that it had filed a shelf registration with the Securities and Exchange Commission for an offering of up to \$1.02bn of debt securities.

A shelf registration allows a company to issue debt at any time over the next two years.

In common with other brokerage firms, Morgan Stanley is expanding its use of longer term debt to fund its operations and reduce its reliance on short-term borrowings.

This trend started after the October 1987 stock market crash but has accelerated since the collapse in February of Drexel Burnham Lambert, another Wall Street investment bank.

Drexel was, in common with many securities firms, heavily reliant on short-term financing from commercial banks and was forced to file for bankruptcy protection in February when banks refused to roll over its debt.

Another reason brokerage firms have been attempting to reduce their reliance on commercial bank borrowing is that, since the Drexel failure, some banks have become much more cautious about lending to securities houses.

Morgan Stanley said that the proceeds of its potential issue, which could include medium-term notes and warrants to purchase debt securities, would be used for purposes involving the payment of existing debt and additions to working capital.

A committee of Drexel's unsecured creditors has meanwhile rejected the company's preliminary reorganisation plan, but has instead put forward its own plan.

It has also called for the removal of Drexel's current board and management.

Drexel's executives and creditors are scheduled to meet at a hearing in the Federal Bankruptcy Court in Manhattan on Tuesday.

The committee has its eye on the \$260m in bonuses paid to Drexel's executives less than a month before the firm filed for bankruptcy protection.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES					
	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	\$354.50	-8.25	\$368.50	\$420.25	\$353.25
Silver per troy oz.	\$21.95	-0.05	\$22.15	\$23.50	\$20.75
Aluminium 99.7% (cash)	\$157.5	-1.1	\$159.0	\$165.0	\$152.0
Copper Grade A (cash)	\$155.1	-8	\$156.5	\$174.75	\$134.50
Lead (cash)	\$149.4	+0.5	\$149.75	\$159.0	\$143.0
Nickel (cash)	\$80.0	-2.5	\$82.5	\$87.0	\$75.0
Zinc 99.95% (cash)	\$182.5	-8.0	\$182.5	\$189.0	\$175.0
Tin (cash)	\$82.0	-1.10	\$83.0	\$87.0	\$80.0
Cocoa Futures (Sep)	\$22.5	-0.5	\$23.0	\$24.0	\$21.5
Coffee Futures (Sep)	\$24.5	-0.5	\$25.0	\$26.0	\$23.5
Sugar (LDP Raw) (Nov)	\$22.0	+0.30	\$22.5	\$23.5	\$21.0
Barley Futures (Nov)	\$118.25	-0.20	\$118.5	\$120.0	\$116.0
Wheat Futures (Sep)	\$113.80	-0.80	\$114.05	\$123.45	\$111.00
Cotton Outlook A Index	\$0.55	+0.05	\$0.50	\$0.70	\$0.30
Wool (S4 Super)	\$20.0	-0.25	\$20.0	\$20.0	\$19.0
Oil (Brent Blend)	\$16.575	-0.725	\$17.55	\$21.975	\$15.575

Per tonne unless otherwise stated. \*Unusually, p.o.m.c.h.g. covers to 2 July

London Markets

SPICE MARKETS					
Cash (per barrel FOB)		+ or -			
Dubai	\$13.20-3.50	-2.75			
Brant Blend	\$15.25-5.00	-4.30			
W.T.I. (1 pt per oil)	\$16.72-4.74	-4.45			
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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Pound firm against D-Mark

STERLING MAINTAINED an underlying strength against most European currencies, but lost ground to a generally strong dollar yesterday. Attention continued to focus on the timing of British membership of the European Monetary System Exchange Rate Mechanism, following comments by Mr. John Major, the UK Chancellor, in Parliament on Thursday.

Speculation that the pound would quickly join the ERM appeared to be reinforced by the Chancellor's remarks that membership does not depend on the level of the retail price index, but this view was not supported by yesterday's comments from Mr. Earl Otto von Bismarck, president of the Bundesbank. He said the moment is not yet right for Britain to join the ERM, noting high inflation and a high current account deficit.

On the other hand he added that the UK is now more ready to become a full EMS member than in the past.

The Bank of England also did nothing to encourage hopes of early ERM membership in its operations on the London money market. In declining to offer a bill repurchase facility, when supplying early help, the central bank forced operators to bid aggressively for funds, lightening up the short end of the market. This was taken as an indication that the authorities wish to dampen enthusiasm about the ERM and as a signal that a premature cut in bank base rates will not be welcomed.

At the close of trading in London sterling had climbed to DM2.8575 from DM2.8550; to SF2.4400 from SF2.4300; and to Y255.50 from Y257.75. It was unchanged at FF9.6275, and fell 45 points to \$1.8845. According to the Bank of England the pound's index was unchanged at 89.5.

In quiet trading the dollar nudged up towards DM1.7000 against the D-Mark. The market is looking for next week's

## FINANCIAL FUTURES AND OPTIONS

Symbol	Settle	Open	High	Low	Close
US 100	100.00	100.00	100.00	100.00	100.00
US 200	100.00	100.00	100.00	100.00	100.00
US 300	100.00	100.00	100.00	100.00	100.00
US 400	100.00	100.00	100.00	100.00	100.00
US 500	100.00	100.00	100.00	100.00	100.00

Symbol	Settle	Open	High	Low	Close
US 100	100.00	100.00	100.00	100.00	100.00
US 200	100.00	100.00	100.00	100.00	100.00
US 300	100.00	100.00	100.00	100.00	100.00
US 400	100.00	100.00	100.00	100.00	100.00
US 500	100.00	100.00	100.00	100.00	100.00

Symbol	Settle	Open	High	Low	Close
US 100	100.00	100.00	100.00	100.00	100.00
US 200	100.00	100.00	100.00	100.00	100.00
US 300	100.00	100.00	100.00	100.00	100.00
US 400	100.00	100.00	100.00	100.00	100.00
US 500	100.00	100.00	100.00	100.00	100.00

Symbol	Settle	Open	High	Low	Close
US 100	100.00	100.00	100.00	100.00	100.00
US 200	100.00	100.00	100.00	100.00	100.00
US 300	100.00	100.00	100.00	100.00	100.00
US 400	100.00	100.00	100.00	100.00	100.00
US 500	100.00	100.00	100.00	100.00	100.00

## IN NEW YORK

June 8	June 7	June 6
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

## STERLING INDEX

June 8	June 7	June 6
89.5	89.5	89.5
89.5	89.5	89.5
89.5	89.5	89.5
89.5	89.5	89.5

## CURRENCY RATES

June 8	June 7	June 6
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

## CURRENCY MOVEMENTS

June 8	June 7	June 6
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

## OTHER CURRENCIES

June 8	June 7	June 6
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

## FORWARD RATES

June 8	June 7	June 6
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

## MONEY MARKETS

## London rates ease

LONDON INTEREST rates eased slightly yesterday, but trading was quiet, with dealers not expecting any early change in UK bank base rates. Three-month sterling interbank was quoted at 15-15 1/2 per cent against 15-15 1/4 per cent on 15-14 1/2. Short sterling futures on Liffe held in a narrow range. September delivery opened firmer at 85.38, but

assistance of around 580m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained 274m, with a rise in the note circulation absorbing 2520m, and bank balances below target 280m. These outweighed Exchange transactions adding 280m to liquidity.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 14.428 from 14.426 per cent. The top accepted rate of discount was 14.459 per cent, down from 14.457 previously.

This was equal to a price of 99.386, and bids at this level received around 7 per cent of the amount applied for. The 550m bill on offer attracted bids of 22.092bn, against 22.552bn for a similar amount last week. The average rate of discount was 13.949 per cent from 13.978. These applications of 2585m, compared with 2778m.

In Frankfurt call money eased to 7.75 from 7.80 per cent, as banks remained well supplied with liquidity. Reserve holdings at the Bundesbank fell to DM61.8bn, but averaged DM60bn for the first six days of June, against expectations of an average requirement for the whole month of around DM59bn.

## FT LONDON INTERBANK FIXING

6 months US Dollars	6 months US Dollars
100.00	100.00
100.00	100.00

## MONEY RATES

NEW YORK	NEW YORK
1.0000	1.0000
1.0000	1.0000

## LONDON MONEY RATES

June 8	June 7	June 6
1.0000	1.0000	1.0000
1.0000	1.0000	1.0000

## FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT	Every Tuesday in the FT
1.0000	1.0000
1.0000	1.0000

## LEGAL NOTICES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF COLUMBIA  
DALLAS DIVISION

IN RE: SOUTHAM CORPORATION  
DEBTOR

CASE NO. 89-0024-SAF-11  
(CHAPTER 11)

NOTICE TO CREDITORS, SECURITY HOLDERS AND PARTIES IN INTEREST WITH RESPECT TO SOUTHAM CORPORATION

Please take notice that the United States Bankruptcy Court for the District of Columbia (the "Court") has entered an order for the liquidation of Southam Corporation, a Delaware corporation, under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 1101, et seq. (the "Code"). The order was entered on May 2, 1990, and is effective as to all claims against Southam Corporation as of that date.

The Court has appointed a Chapter 11 Trustee, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Trustee's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Trustee's telephone number is (202) 462-1234. The Trustee's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Liquidator, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Liquidator's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Liquidator's telephone number is (202) 462-1234. The Liquidator's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Receiver, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Receiver's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Receiver's telephone number is (202) 462-1234. The Receiver's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Administrator, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Administrator's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Administrator's telephone number is (202) 462-1234. The Administrator's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Supervisor, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Supervisor's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Supervisor's telephone number is (202) 462-1234. The Supervisor's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Monitor, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Monitor's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Monitor's telephone number is (202) 462-1234. The Monitor's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Examiner, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Examiner's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Examiner's telephone number is (202) 462-1234. The Examiner's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Auditor, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Auditor's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Auditor's telephone number is (202) 462-1234. The Auditor's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Valuator, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Valuator's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Valuator's telephone number is (202) 462-1234. The Valuator's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Appraiser, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Appraiser's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Appraiser's telephone number is (202) 462-1234. The Appraiser's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Broker, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Broker's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Broker's telephone number is (202) 462-1234. The Broker's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Dealer, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Dealer's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Dealer's telephone number is (202) 462-1234. The Dealer's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Agent, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Agent's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Agent's telephone number is (202) 462-1234. The Agent's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Officer, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Officer's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Officer's telephone number is (202) 462-1234. The Officer's fax number is (202) 462-1235.

The Court has also appointed a Chapter 11 Director, Mr. J. Edgar Hoover, to administer the estate of Southam Corporation. The Director's office is located at 1100 Connecticut Avenue, N.W., Washington, D.C. 20036. The Director's telephone number is (202) 462-1234. The Director's fax number is (202) 462-1235.

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Lot	Comm.	Old	Offer +	Yield
Charge	Price	Price	Price	Gr's

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## Money Market Bank Accounts

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## WORLD STOCK MARKETS

## AMERICA

## Dow tumbles on the fourth day of profit-taking

## Wall Street

PROFIT-TAKING and bursts of programme trading undermined the equity market again yesterday, halting an early attempt to rally after three consecutive daily losses, writes *James Bush in New York*.

At 1:30 pm, the Dow Jones Industrial Average was quoted 35.92 lower at 2,851.41 on moderate volume of 94m shares by midsession. The Dow initially jumped 7 points, but then turned around. The Dow closed 14.32 lower on Thursday at 2,857.33.

After more than a month of steady rises, the first serious bout of profit-taking has surfaced. Before this week, there had been one occasion since late April when the index had fallen on two consecutive days, and one of those declines was only 0.71 point.

The stocks which led the market to record highs were hardest hit. IBM, which has been one of this year's strongest performers, dropped 2% to \$118. IBM, which finally burst into life during May, was down 3% at \$113.9.

PepsiCo dropped 1% to \$73.7. Coca-Cola fell 3% to \$44.4 and Home Depot slumped 1% to \$55.7.

Other stocks which had lagged behind during the May rally, only to jump earlier this week, also fell prey to profit-taking. Amongst these were stocks which rallied strongly. Primera was quoted 4% lower at \$32.4. JP Morgan dipped 3% to \$37.7 and Citicorp slipped 3% to \$23.7. However, these losses were much smaller than this year's market losses.

Among featured stocks was Amgen, which jumped 1% to \$33.4 after news of its agreement to acquire Beatrice from Kohlberg Kravis Roberts for \$1.34bn in cash and stock. The acquisition gives the company the brand names such as Hunt's and Wesson and boosts its position in the grocery business.

Genentech rose 3% to \$36.7 having fallen 1% in heavy trading on Thursday, a decline trig-

ged by the fact that the stock dropped out of the Standard & Poor's 500 index at Thursday's close due to its proposed merger with Switzerland's Roche.

Gap slumped another 3% to \$55.4 having plunged 4% on Thursday. The retailer reported disappointing sales in May, prompting some analysts to lower their earnings forecasts. Among other specialty retailers, The Limited fell 1% to \$46.4.

Mr Newton Zinder, technical strategist at Shearson Lehman Hutton, cited Gap as one of the stocks which has recently appeared to fall into a black hole. This is his way of describing sudden, heavy selling of an issue with apparently no buyers to limit the fall. This has happened to a number of stocks recently, including Adobe Systems on the over-the-counter market, and Mr Zinder sees this as a sign that the technical standing of the market has started to deteriorate.

## Canada

WORRIES THAT the Meech Lake constitutional talks might collapse this weekend pushed Toronto stocks down across the board at midsession, as investors sold off their positions. The composite index fell 21.0 to 3,583.7 on volume of 11.61m shares. Declines led advances 240 to 155.

Deutsche rose 0.5% to \$32.4, after news that its subsidiary, Algonia Steel, would sell its US raw material holdings to reduce debt. Among active traders, Canadian Pacific fell 0.5% to \$28.7, Toronto-35 fell 0.5% to \$19.7, Thomson Corp was flat at \$21.5 and Comseal Corp gained 0.5% to \$21.2.

## SOUTH AFRICA

GOLD SHARES remained soft in quiet trading, as the market watched for further signs of weakness in the bullion prices. The JSE all-gold index fell 1% to 1,461 while the overall index fell 0.5% to 3,598.9. Veal Reef lost 0.5% to \$24.4.

## Unknowns flourish in Hong Kong's 'chain-letter' rally

A new trend has helped to lift the market, a year after the Tiananmen Square crisis, writes John Elliott

IT HAS been Ming Ren's week in Hong Kong, as the local stock market has survived the first anniversary of China's Tiananmen Square crisis with the local Hang Seng index hovering confidently between 3,100 and 3,200, its highest since last June's upheavals.

Ming Ren, the owner of the Coral Princess, an unimpressive passenger ship bought for about HK\$30m (38.5m) from the Swiss group and now sitting at anchor in the inner harbour, has been the most active stock on the exchange in a week that has seen spectacularly hyped performances by virtually unknown companies.

Ming Ren's daily turnover went as high as HK\$300m on one day when Swire Pacific, the blue chip stock, was the second most active at only HK\$20m. This raised the price of Ming Ren's recently unpopular stock from about HK\$2 to a high of more than HK\$3 in the space of a month, giving the 30 per cent Taiwan-financed company, which owns only the ship, a market capitalisation of about HK\$300m.

This activity illustrates a new trend in Hong Kong, which has spent the past year

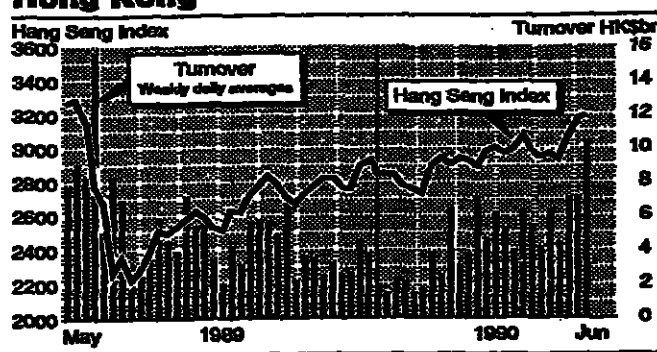
looking for good news. "For the first time since Tiananmen Square, a lot of local retail money has suddenly been coming into the market," says Ms Jill Zimmerman of F.R. Zimmerman, a local brokerage. "First you hear rumours of Taiwan money coming in - they prefer speculative stocks - and then the local people seem to spot a share for the day and go for it."

Along with other unknowns, including Windland Investments and Newfoundland, Ming Ren has climbed on unsubstantiated rumours of backing from illustrious market operators, of new assets being injected and of rights issues.

"Trading in these shares is like a chain letter: you pay off the recipients in the hope you'll get an even bigger amount of money in the end," says Mr Angus Baxter, joint managing director of Smith New Court Far East. "But at some time the passing-on stops and the bubble bursts."

The stocks have outlasted other, much more established securities, which have been hit by a bit like this just before the '87 crash. People were bored with blue chips and were becoming more confident about the political situation.

## Hong Kong



which is billed to have a great future now that it is part of Peking-controlled China International Trust and Investment Corporation. Five chips such as Jardine Matheson and Swire Pacific, which have been benefiting from high profile promotional roadshows in Europe, have also been overshadowed.

Mr James Osborne, assistant director of sales at Baring Securities, says: "It was a bit like this just before the '87 crash. People were bored with blue chips and were becoming more confident about the political situation."

Taking a positive view, Mr Richard Wills, managing director of Schroder Securities (Hong Kong), says: "It has been a good week, with solid buying and some consolidation. Hong Kong is now consolidating before moving on to higher levels. London is still buying and regional money is coming in from Singapore and Malaysia."

Other brokers report that international fund managers have been moving in on the back of the local buying. The market has also been boosted by news of two Singapore investors taking up 14 per cent

of a 49 per cent share flotation in South China Morning Post (Holdings), at present owned by Mr Rupert Murdoch's News Corporation. Details of the transactions are to be announced on Monday.

With daily trading volumes above HK\$200m in the last week, reaching HK\$2.2bn yesterday, the market has shown more buoyancy than for most of the past year, but it has yet to recover from the legacy of Tiananmen Square. Last night the Hang Seng closed up 29.03 at 3,174.33, for the time being unable to break through 3,200.

The index's all-time high was 3,942.73 on October 1, 1987, just before the world markets' crash. It crawled back to a post-crash high of 3,202.64 on May 15 last year, but then the tension of the Tiananmen Square protests' commemorative actions caused it to fall, reaching its lowest point on June 5 when it closed at 2,083.61.

Since then, the political noises from Peking have been too unsettling and even aggressive for it to break confidently through the 3,000 barrier. Earlier this year, it was also restrained by Tokyo's fall.

With price/earnings multiples of about 9, however, it is

regarded locally as under-priced compared with other Asian regional markets. It is generally accepted that there is room for prices to rise once Hong Kong's economic growth picks up from its present position of around zero.

Baring Securities is confident that the Government's plan for a 3 per cent growth in gross domestic product will be met this year, and forecasts 6 per cent next year. "We think the market deserves re-rating but not too rapidly, maybe the Hang Seng can get to 3,500 by the end of this year," says Mr Stewart Cook, head of Baring's research team.

Mr Barry Yates, research director of First Pacific Securities, is less confident than others that China's economy and market conditions will improve quickly enough for Hong Kong's economic growth to pick up to that extent. He sees Hong Kong's present rally as being politically based. "The market is taking comfort from the fact that China has been making concessions to world opinion, however opaque, and from the helpful US move in keeping China's most favoured trading nation status," he says.

## ASIA PACIFIC

## Nikkei slips as bonds succumb to interest rate fears

## Tokyo

AFTER A promising start, equities followed bonds lower on concerns that short-term domestic interest rates could tighten further. The Nikkei ended just below the 33,000 chart resistance point, after falling to rise decisively through it this week, writes *Michiko Nakamoto in Tokyo*.

Investors had feared large-scale arbitrage selling following yesterday's setting of a special settlement rate for the June futures contract which expired on Thursday. But the market emerged relatively unscathed.

Selling by some brokers as they unwound their positions was overshadowed by active arbitrage buying by large US houses, which found it more profitable to roll over their positions to the September contract, said Mr Graham Biggart

at Schroders Securities. The Nikkei average closed 199.21 lower at 32,938.29, up a marginal 0.3 per cent on the week, after hitting a high of 33,344.82 and a low of 32,561.04. The index's fall was largely due to weakness in large capital issues. Declines led advances by 558 to 336 while 178 issues were unchanged.

Turnover increased to 700m shares from 650m. The Topix index fell 16.66 to 2,411.78, partly on a substantial arbitrage selling. In London, the FTSE100 rose 0.89 to 1,912.21.

Fears of higher domestic rates and the market's lack of energy were the main reasons why large capital issues could not be supported, said Mr Toshiyuki Nishiguchi at Daiwa Securities. Investment funds have been escaping from the first section to the more buoyant second section. Yesterday, the second section rose for the ninth session in a row.

Large capital shipbuilders were lower. Mitsubishi Heavy Industries lost Y30 to Y1,060 in active trading. Financial stocks were also hit by interest rate worries, with Industrial Bank of Japan down Y20 to Y4,500. Investors who still wanted to buy pursued selective situations. Osaka Titanium, one of Japan's top makers of semiconductor silicon, surged Y320 to Y2,780 on forecasts of higher demand. This view was reinforced by a report that IBM would start producing 4-megabit DRAM chips, said Mr Nishiguchi.

Kanagawa Electric, listed on the second section, was sought after for its strong earnings outlook. The stock rose to a record high of Y2,220 before closing up Y20 to Y2,160.

In Osaka, buying interest in small, incentive-backed issues was countered by selling in large capital issues to result in a small gain of 7.32 in the

OSE average to 35,803.64. Volume slipped to 56m shares from 60m.

## Roundup

BUYERS RETURNED to Singapore and were active again in Thailand, but the falling bullion price continued to hurt Australia yesterday.

SINGAPORE attracted fresh buying interest, after its recent consolidation, and advanced in busy trading. The Straits Times Industrial index rose 14.97 to a two-week high of 1,568.07, 0.8 per cent higher on the week, in volume of 75m shares worth \$118m, up from Thursday's 55m and \$81.5m.

Stocks and warrants in Nippon Orient Lines (NOL), the shipping group, headed the most active list amid speculation that Mitsui of Japan would raise its 1 per cent stake and that the company would create a second registry

for foreign-held shares. NOL's shares rose 9 cents to \$82.09 and its 1993 warrants gained 6 cents to \$81.11.

BANGKOK was in record-breaking form again after a brief consolidation midweek, but financial and bank issues leading the advance in heavy trading. The composite SET index gained 10.54 to a record 1,038.52, up 2 per cent on the week.

AUSTRALIA was weakened by a plunge in gold stocks on concern about weak bullion prices and falling profit-taking in gold companies. Economic data suggesting that domestic interest rates would stay high also depressed prices.

The All Ordinaries index fell 5.1 to 1,504.1, off 0.7 per cent on the week. The gold index fell further, closing 41.2 lower at 1,509.4. Turnover rose to 1.62m shares or A\$267m from 88m shares or A\$151m, as selling pressure emerged before Monday's holiday.

News Corp, which sold an asset this week and gave details of the spin-off of its Hong Kong newspaper interests, rose 15 cents to A\$10.60.

NEW ZEALAND's All Share index edged up 3.47 to 1,780.4, down 1.4 per cent on the week, as turnover slumped to 5.8m or NZ\$12.3m from 10.1m or NZ\$24.6m. Air New Zealand fell 5 cents to NZ\$1.95 after jumping 7 cents on Thursday in response to a rise in operating profit.

TAIWAN extended its losses for a fifth consecutive session, with the weighted index losing 168.00 to 6,454.12, a drop of 15.8 per cent on the week. Trading was light.

## EUROPE

## Frankfurt falls as monetary union looms

CONTINENTAL houses ended the week mostly easier in declining volume, writes *Our Markets Staff*.

FRANKFURT slipped as investors looked nervously towards German monetary union on July 1. Comments by Mr Karl Otto Poehl, the Bundesbank President, that he doubted that the East Germans would go on a spending spree once their savings were converted to D-Marks did little to assuage fears of higher inflation in a united Germany.

The DAX index fell 15.30 to 1,822.25, down 2 per cent on the week, and the FAZ index eased 8.04 to 775.43, off 0.5 per cent since the previous Friday. Turnover fell to DM51m from DM55.9m.

Continental, the tyre maker, built on Thursday's gains and rose DM1.50 to DM57.50 with a heavy 543,594 shares traded. Another of the scarce winners was the perfume and cosmetics retailer, Douglas, which firmed DM2 to DM3.55.

Nixdorf preference shares slumped DM13 to DM32.9 after it reported a higher-than-expected loss of DM1.07bn in 1989,

and Siemens, which recently acquired a majority stake, fell DM3.70 to DM719.10.

PARIS dropped as fears of a rise in capital gains tax weighed on sentiment. The CAC 40 index fell 29.04 to 2,021.41, heading through the resistance level of 2,040, for a 3.3 per cent loss on the week. Turnover was about FF22bn after Thursday's FF22.2bn.

Saint-Gobain, the glass-maker, lost FF13 to FF561 after Pilkington, the UK glass producer, reported lower profits for its year to March 31. News that the US Committee on Foreign Investment is to investigate its takeover of Norton had little impact.

BSN, the food group, fell FF13 to FF337. There was said to be some profit-taking by UK investors in spite of an upbeat presentation to analysts and fund managers in London on Thursday.

STOCKHOLM saw Saab stabilise, after Thursday's fall on reports of losses in its car division. Its free B shares added SKR1 to SKR250. After the market closed, Saab confirmed that Saab Automobile had made a

SKR950m loss in the first four months of this year.

Ericsson again had the largest turnover, and its free B shares added SKR15 to SKR1315. The Affarsvarlden General index was 0.7 better at 1,275.8, a rise of 0.4 per cent on the week.

ZURICH was higher on optimism about inflation and interest rates, but gains were trimmed by late profit-taking. May inflation figures are due early next week. The Credit Suisse index gained 0.4 on the day to 633.1, but lost 0.9 per cent on the week.

Jacobs Suchard bearers were the most active shares, gaining SFR175 to SFR1,450. Engineering company Oerlikon-Bührle's bearers rose SFR25 to SFR1,125 on Thursday's news that it plans to sell part of its missile business to Martin Marietta.

MILAN ended broadly higher. Montedison rose L43 to L2,070 on rumours that it would be restructured within the Ferruzzi group, which owns 45 per cent of the chemical company. Telecomunicazioni stock rose to a weekly high of L6,494, up L54, on

active foreign buying. Benetton extended its gains to a third day, adding L236 to L9,53.

Fiat fell L68 to L10,002 on the news that Italian car deliveries fell 1 per cent in May. The Conit index rose 0.59 to 761.99, up 0.4 per cent on the week.

BRUSSELS finished mixed in moderate trade, with the cash market index up 5.06 at 6,375.70, a rise on the week of 1.1 per cent. Groupe AG, the insurer, gained BFR105 to BFR10,075, after Thursday's BFR150 rise. The three utility companies, suspended for two days for Thursday's announcement of their merger, eased. ERES fell BFR25 to BFR2,000, Unerg BFR10 to BFR2,455 and Intercom BFR10 to BFR2,200.

AMSTERDAM slipped, with the CBS Tendancy index down 0.2 to 120.9. Truck maker DAF fell 40 cents to FL30.60 in spite of winning a FL130m order to deliver vans to East Germany and signing a number of contracts with local truck dealers.

MADEIRAL fell in this volume, in the run-up to next week's May inflation figure. The house index eased 0.86 points to 264.53.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 7 1990										WEDNESDAY JUNE 6 1990										DOLLAR INDEX		
	US Dollar Index	Day's Change %	Point	Starting Index	Year Index	DM Index	Local Currency Index	Local % chg vs day	Gross Div. Yield	US Dollar Index	Starting Index	Year Index	DM Index	Local Currency Index	1990 Low	1990 High	Year ago (approx)						
Australia (50)	138.03	-0.5	122.04	134.06	122.23	119.01	-1.2	5.68	138.79	122.74	134.80	122.61	120.40	156.31	125.95	132.16	120.58						
Austria (19)	248.02	+0.5	215.96	237.24	216.29	216.23	-0.3	1.25	244.84	214.98	236.10	214.74	214.51	228.65	193.15	120.58	120.58						
Belgium (61)	132.14	+0.5	133.55	146.70	133.75	130.57	-0.2	4.42	132.92	134.27	147.44	134.11	130.85	180.02	132.11	120.58	120.58						
Canada (118)	130.88	+0.1	122.79	124.88	122.97	118.78	-0.2	1.38	130.73	122.69	134.73	122.54	118.17	130.85	131.31	120.58	120.58						
Denmark (35)	254.49	-1.1	223.39	245.41	223.73	223.08	-0.8	1.28	257.44	226.05	248.25	223.73	224.88	280.82	238.59	161.81	161.81						
Finland (26)	138.05	+0.1	121.18	133.13	121.37	114.86	-0.3	2.38	137.98	121.15	133.08	121.02	114.58	122.29	125.93	120.58	120.58						
France (142)	160.32	+0.1	140.73	154.29	140.94	143.35	+0.2	0.53	167.26	164.44	180.53	164.28	168.57	172.72	141.89	120.58	120.58						
Germany (53)	129.57	-0.7	113.73	124.95	113.91	113.91	-0.5	1.96	130.54	114.62	125.69	114.49	117.71	122.05	85.76	120.58	120.58						
Hong Kong (48)	130.11	-0.3	114.21	125.48	114.39	129.82	-0.4	4.82	130.55	114.62	125.69	114.49	117.71	122.05	85.76	120.58	120.58						
Ireland (17)	107.07	+0.1	97.58	100.24	97.58	97.58	+0.1	0.31	107.07	97.58	100.24	97.58	97.58	100.24	97.58	120.58	120.58						
Italy (86)	107.07	+0.1	97.58	100.24	97.58	97.58	+0.1	0.31	107.07	97.58	100.24	97.58	97.58	100.24	97.58	120.58	120.58						
Japan (155)	153.76	+0.2	134.97	148.28	135.19	148.28	+0.2	0.57	153.47	134.78	147.98	134.62	147.98	134.62	147.98	120.58	120.58						
Malaysia (35)	234.35	+0.6	205.71	225.37	206.02	244.70	+0.5	2.22	232.95	204.52	224.80	204.28	242.85	204.16	171.05	120.58	120.58						
Mexico (15)	130.88	-1.1	471.91	518.42	472.64	1672.28	-1.1	0.31	130.88	471.91	518.42	472.64	1672.28	-1.1	0.31	120.58	120.58						
Netherlands (43)	140.19	+0.2	123.08	125.18	123.25	121.73	+0.4	0.43	138.88	122.82	134.89	122.89	121.24	145.86	130.43	120.58	120.58						
New Zealand (17)	64.58	-0.3	68.89	62.27	60.77	58.88	-0.4	1.49	64.79	60.77	58.88	60.77	58.88	60.77	58.88	120.58	120.58						
Norway (25)	206.26	+0.7	181.05	198.89	181.33	175.05	+0.4	0.73	204.76	175.05	177.57	177.57	177.57	177.57	177.57	120.58	120.58						
South Africa (50)	185.75	-4.5	163.05	173.11	163.30	160.80	-2.0	3.74	184.41	170.77	167.05	167.05	167.05	167.05	167.05	120.58	120.58						
Spain (42)	159.55	+0.2	140.05	153.11	140.05	136.85	-0.1	1.91	160.90	141.18	155.05	141.03	127.36	155.05	132.34	140.72	140.72						
Sweden (39)	168.48	-0.4	188.46	207.02	188.74	194.42	-0.2	2.57	168.48	188.74	194.42	188.74	194.42	188.74	194.42	120.58	120.58						
Switzerland (56)	120.50	-0.8	89.87	98.84	90.12	91.41	-0.1	2.26	103.35	90.78	99.67	90.68	81.53	104.31	88.75	75.52	75.52						
United Kingdom (305)	162.45	+0.9	142.80	155.84	142.81	142.80	+0.9	4.73	161.00	141.37	155.24	141.19	141.37	155.24	141.19	139.79	139.79						
USA (537)	148.05	-0.5	138.91	141.82	139.11	148.05	-0.5	3.30	147.85	139.82	142.36	139.82	142.36	139.82	142.36	120.58	120.58						
Europe (507)	147.26	+0.2	129.26	142.00	129.47	129.00	+0.2	3.62	147.03	129.21	141.78	128.95	128.95	141.77	135.57	115.30	115.30						
Australia (50)	138.03	-0.5	122.04	134.06	122.23	119.01	-1.2	5.68	138.79	122.74	134.80	122.61	120.40	156.31	125.95	132.16	132.16						
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Japan (155)	153.76	+0.2	134.97	148.28	135.19	148.28	+0.2	0.57	153.47	134.78	147.98	134.62	147.98	134.62	147.98	120.58	120.58						
Malaysia (35)	234.35	+0.6	205.71	225.37	206.02	244.70	+0.5	2.22	232.95	204.52	224.80	204.28	242.85	204.16	171.05	120.58	120.58						
Mexico (15)	130.88	-1.1	471.91	518.42	472.64	1672.28	-1.1	0.31	130.88	471.91	518.42	472.64	1672.28	-1.1	0.31	120.58	120.58						
Netherlands (43)	140.19	+0.2	123.08	125.18	123.25	121.73	+0.4	0.43	138.88	122.82	134.89	122.89	121.24	145.86	130.43	120.58	120.58						
New Zealand (17)	64.58	-0.3	68.89	62.27	60.77	58.88	-0.4	1.49	64.79	60.77	58.88	60.77	58.88	60.77	58.88	120.58	120.58						
Norway (25)	206.26	+0.7	181.05	198.89	181.33	175.05	+0.4	0.73	204.76	175.05	177.57	177.57	177.57	177.57	177.57	120.58	120.58						
South Africa (50)	185.75	-4.5	163.05	173.11	163.30	160.80	-2.0	3.74	184.41	170.77	167.05	167.05	167.05	167.05	167.05	120.58	120.58						
Spain (42)	159.55	+0.2	140.05	153.11	140.05	136.85	-0.1	1.91	160.90	141.18	155.05	141.03	127.36	155.05	132.34	140.72	140.72						
Sweden (39)	168.48	-0.4	188.46	207.02	188.74	194.42	-0.2	2.57	168.48	188.74	194.42	188.74	194.42	188.74	194.42	120.58	120.58						
Switzerland (56)	120.50	-0.8	89.87	98.84	90.12	91.41	-0.1	2.26	103.35	90.78	99.67	90.68	81.53	104.31	88.75	75.52	75.52						
United Kingdom (305)	162.45	+0.9	142.80	155.84	142.81	142.80	+0.9	4.73	161.00	141.37	155.24	141.19	141.37	155.24	141.19	139.79	139.79						
USA (537)	148.05	-0.5	138.91	141.82	139.11	148.05	-0.5	3.30	147.85	139.82	142.36	139.82	142.36	139.82	142.36	120.58	120.58						
Europe (507)	147.26	+0.2	129.26	142.00	129.47	129.00	+0.2	3.62	147.03	129.21	141.78	128.95	128.95	141.77	135.57	115.30	115.30						
Australia (50)	138.03	-0.5	122.04	134.06	122.23	119.01	-1.2	5.68	138.79	122.74	134.80	122.61	120.40	156.31	125.95	132.16	132.16						
Canada (118)	130.88	+0.1	122.79	124.88	122.97	118.78	-0.2	1.38	130.73	122.69	134.73	122.54	118.17	130.85	131.31	120.58	120.58						
Denmark (35)	254.49	-1.1	223.39	245.41	223.73	223.08	-0.8	1.28	257.44	226.05	248.25	223.73	224.88	280.82	238.59	161.81	161.81						
Finland (26)	138.05	+0.1	121.18	133.13	121.37	114.86	-0.3	2.38	137.98	121.15	133.08	121.02	114.58	122.29	125.93	120.58	120.58						
France (142)	160.32	+0.1	140.73	154.29	140.94	143.35	+0.2	0.53	167.26	164.44	180.53	164.28	168.57	172.72	141.89	120.58	120.58						
Germany (53)	129.57	-0.7	113.73	124.95	113.91	113.91	-0.5	1.96	130.54	114.62	125.69	114.49	117.71	122.05	85.76	120.58	120.58						
Hong Kong (48)	130.11	-0.3	114.21	125.48	114.39	129.82	-0.4	4.82	130.55	114.62	125.69	114.49	117.71	122.05	85.76	120.58	120.58						
Ireland (17)	107.07	+0.1	97.58	100.24	97.58	97.58	+0.1	0.31	107.07	97.58	100.24	97.58	97.58	100.24	97.58	120.58	120.58						
Italy (86)	107.07	+0.1	97.58	100.24	97.58	97.58	+0.1	0.31	107.07	97.58	100.24	97.58	97.58	100.24	97.58	120.58	120.58						
Japan (155)	153.76	+0.2	134.97	148.28	135.19	148.28	+0.2	0.57	153.47	134.78	147.98	134.62	147.98	134.62	147.98	120.58	120.58						
Malaysia (35)	234.35	+0.6	205.71	225.37	206.02	244.70	+0.5	2.22	232.95	204.52	224.80	204.28	242.85	204.16	171.05	120.58	120.58						
Mexico (15)	130.88	-1.1	471.91	518.42	472.64	1672.28	-1.1	0.31	130.88	471.91	518.42	472.64	1672.28	-1.1	0.31	120.58	120.58						
Netherlands (43)	140.19	+0.2	123.08	125.18	123.25	121.73	+0.4	0.43	138.88	122.82	134.89	122.89	121.24	145.86	130.43	120.58	120.58						
New Zealand (17)	64.58	-0.3	68.89	62.27	60.77	58.88	-0.4	1.49	64.79	60.77	58.88	60.77	58.88	60.77	58.88	120.58	120.58						
Norway (25)	206.26	+0.7	181.05	198.89	181.33	175.05	+0.4	0.73	204.76	175.05	177.57	177.57	177.57	177.57	177.57	120.58	120.58						
South Africa (50)	185.75	-4.5	163.05	173.11	163.30	160.80	-2.0	3.74	184.41	170.77	167.05	167.05	167.05	167.05	167.05	120.58	120.58						
Spain (42)	159.55	+0.2	140.05	153.11	140.05	136.85	-0.1	1.91	160.90	141.18	155.05	141.03	127.36	155.05	132.34	140.72	140.72						
Sweden (39)	168.48	-0.4	188.46	207.02	188.74	194.42	-0.2	2.57	168.48	188.74	194.42	188.74	194.42										



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# Weekend FT

SECTION II

Weekend June 9/June 10 1990

## Greening all their cares away

**S**HERRY MORSE came to California in search of the good life. A former assistant design director at Tiffany in New York, she now serves as the Los Angeles director of Mothers and Others for Liveable Planet. "We used to be Mothers and Others for Pesticide Limits," said Morse, who has a three-year-old son and a record of eating organic food stretching back 15 years. "But we decided to broaden our scope."

A small crowd had gathered in the parking lot outside Vons Supermarket on the edge of Santa Monica. As the local TV camera rolled, Morse and her co-protesters explained how they felt about herbicides, how "known" carcinogens should be banned from foods and how "too many kids out there are dying of cancer."

Former US President Richard Nixon, a true Californian of his generation, used to dismiss the likes of Morse as "the birds and the bees people" — well-meaning, white, and irredeemably middle class. Twenty years on, eco-conscious Californians are taking them a good deal more seriously; and so, perhaps, should the rest of the world, including the newly-green Margaret Thatcher, the British premier, because they are the force behind the most sweeping environmental initiative ever seen in the US.

The initiative, dubbed "Big Green", will be put to a state referendum in November (on the same day voters elect a new governor). It covers everything from saving ancient redwood forests and banning cancer-causing agricultural pesticides to blocking offshore oil development and slowing global warming. All it needs to pass into law is majority support from voters. Specific measures include the phase-out of all agricultural chemicals known to cause cancer or reproductive harm by 1996; a planned 40 per cent cut in ozone-damaging chlorofluorocarbon (CFC) emissions by the year 2010; a requirement for developers to plant a tree for every 500 square feet of new building projects; and a 25 cent barrel tax on oil passing through California, the aim being to create a \$500m (\$267m) oil spill fund.

John Emerson is deputy city attorney of the City of Los Angeles, and a leading Democrat. "People are getting angry and upset about the environment in a way they were not five years ago," he says, "they don't want their kids growing up with 15 per cent less capacity than the rest of the nation. They don't want their kids going to public school where toxic gas is seeping through the playground. They don't want to be out in Santa Monica Bay picking up fish with cancerous tumours."

Californians have always been self-absorbed when it comes to life-style and quality of life; and California politics has at bottom usually been about managing limited resources, particularly water. Sooner or later, the collective desire for continuing economic growth and development clashes with the individual desire for space and tranquility — and everyone starts to question whether the Californian dream exists anymore.

Yet people continue to pour into the Golden State. In the 1980s the population rose by 20 per cent; by the year 2000, it is expected to increase 5m to almost 35m. The settlers come from Mexico, El Salvador, Guatemala, Cambodia, Korea, Vietnam, the Philippines and Taiwan — but they also come from the old steel towns in Ohio and Pennsylvania and the rundown family farms in the Mid-West. Each newcomer has his or her own version of the Californian dream, and

efforts of two men: John Van de Kamp, a colourless Democratic state attorney general who thought that green issues would beat up his unsuccessful campaign to become governor of California and Tom Hayden, one of the original signatories of the New Left manifesto, for many years the bête noire of Californian politics.

Once sentenced to five years in prison for fomenting the riot at the 1968 Democratic convention in Chicago, Hayden had his sentence overturned in 1972, whereupon his union with Jane Fonda gave him star-status and something his fellow socialists always lacked: money.

Money made Campaign California, the Hayden-Fonda vehicle for promoting causes of a vaguely liberal variety. After the break-up of their marriage, many thought the organisation would make a graceful exit. Hayden surprised everyone by announcing last year that Campaign California would help to garner the necessary 600,000 signatures among California's registered voters for Big Green to qualify for the November ballot.

By the spring, Big Green was over the hump, although efforts to agree on a name for the monster proposition proved more difficult. Eventually Hayden settled on the underwhelming EPA 1990 (Environmental Protection Act). Drafted by the state's premier environmental lawyers, Big Green has the support of the Sierra Club (the main environmental group, founded in 1962 in San Francisco), the National Resources Defence Council, the League of Conservation Voters, the National Toxics Campaign, and a large chunk of Hollywood.

Hollywood loves to play politics. Actors such as Richard Dreyfuss have their own political advisers and a cottage industry of "eco-conscious" pressure groups, lobbyists and fund-raising machines has recently clunked into action. Among the most interesting is the Environmental Media Association. Its purpose is to slay insert environmental messages in TV shows.

"It could be incidental dialogue, actors wearing environmental T-shirts, or a character talking about using cloth instead of disposable diapers," says Andrew Spahn, EMA director. "The idea is to deliver a powerful message inside 30 seconds."

The similarity with modern American political campaign techniques is striking — and there is the rub. Just as critics believe that the 30-second TV "attack" advert has led to the trivialisation of issues, so opponents of Big Green believe that complex environmental problems are being misrepresented in California.

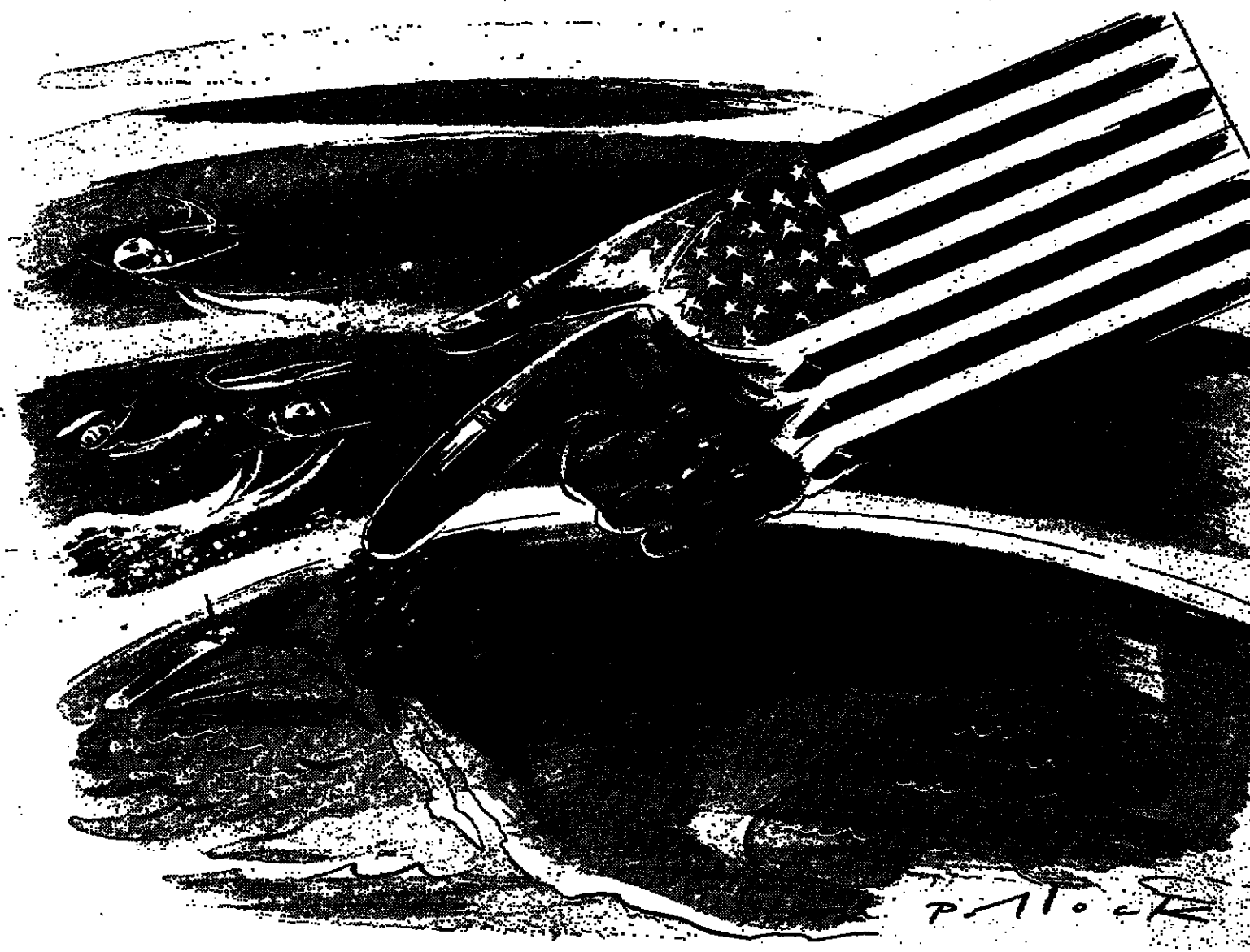
At republican party headquarters in Orange County, Greg Baskin,

executive director, concedes that even the Grand Old Party has a green streak in California. Senator Pete Wilson, the Republican candidate for governor, embraces a good deal of Big Green (only objecting to the new post of environmental advocate which he — and others — suspect is a vehicle for Tom Hayden to archaize state-wide office).

Farm industry leaders have met more than a dozen times to plot a strategy to slay "Big Green" — but so far they are keeping their swords close to their chest. In a state where attention spans tend to be on the short side, no one wants to move too soon before the November ballot.

This week's vote in favour of a proposition to double California's petrol tax has reminded everyone that the stakes will be high in November. Agriculture, for example, employs 400,000 workers producing more than 250 crops worth more than \$16 billion in 1988 to the state. It is heavily reliant on pesticides to keep the bugs at bay and to keep the fruit and vegetables looking fresh — which farmers say is what the consumer wants.

The food industry's first public move was to sponsor, along with the California Farm Federation, a



counter-initiative. Dubbed "Big Brown" by its opponents, the proposition would not ban pesticides. Instead, it would double the state's official herbicide residue tests, fund new research into safe pesticides and put in place a new worker safety programme.

The next step, industry officials say, will be to press the environmentalists much harder on Big Green's costs. They argue that banning pesticides will depress crop production and could raise food prices. Another tack will be to attack the comprehensiveness of the initiative, arguing that it is too diffuse. "It's like taking a baseball bat to fix a light-bulb," said a San Francisco environmental expert who works for both sides, "it's over-kill."

Energy issues feature less prominently in Big Green. Pacific Gas and Electric, one of the state's most important employers, says it is still assessing the cost. The company has begun to publicise its impressive energy conservation programmes as well as the development of alternative energy sources.

Bob Hattory, a top official at the Sierra Club in Los Angeles, says that business has belatedly woken up to the fact that the environment

is no longer an elitist issue — but one which articulates the minimum needs of the people: clean air, clean water and clean food. Politicians have caught on to the message too, "but I tell them that we want a long-term relationship — not a one-night stand."

**Y**et in many ways, none of these arguments does justice to the underlying issue, one which transcends the battle-lines of consumers and environmentalists against growers and pesticide users and touches on the crucial problem facing California: how to adapt to the increasing flow of migrants from Central America and East Asia.

Whatever its lofty ambitions, Big Green does not do this. It fails to address the 1980s style sprawling suburban valley development which characterises California; and it fails to consider alternatives such as creating denser urban population centres. It fails because its premise is to manage the status quo.

Yet this approach is no longer sustainable. By the year 2000, if current immigration flows persist as expected, whites will no longer be in the majority in California; His-

panics will account for one in two of the new workers, while one in four new entrants into the labour force will be Asian. Together, Hispanics and Asians will account for more than 80 per cent of the state's future labour force, according to a special study by the Palo Alto-based Centre for Continuing Study of the California Economy.

"The future is right here," said Linda Wong, president of California Tomorrow, a public policy group, as we strolled one afternoon through Chinatown, Little Tokyo, and finally the Mexican quarter. Once the city's historical centre, it now serves as the beating heart of the Latino population, where the local Irish Catholic priest preaches in Spanish and where 400 refugees sleep every night in the church.

All these immigrants have a stake in future growth and development — bigger than the established white middle-class family in, say, Orange County which is still running a three-car household and is hell-bent on avoiding new taxes. To date, however, many of the newcomers have yet to organise, let alone voice their preferences — but it is only a matter of time before this new Silent Majority speaks.

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## Tokyo's solution to the weight problem

**WHERE NEXT** after Germany, France and the UK? That was the question facing Steve the stock market strategist when I met him this week.

So far this year he can scarcely believe his good fortune: while the World Index has gone nowhere at all (down 7 per cent in dollar terms) there have been some very useful plays in individual stock markets. People like Steve who have something of a track record in country selection are therefore in high demand. "Global money now adds up to big numbers," he observed. "Investors in national markets just don't appreciate how the game has changed. They become obsessed by their own preoccupations."

"Take the UK. The locals were talking themselves into a depression. Maybe it suited some of the domestic institutions and market makers, I don't know, but they don't call the tune any more. When Wall Street moved London was way out of line and it had to go up."

"All we needed was an ERM signal. Then my clients felt comfortable about the currency. Sure, I know the outlook for sterling in the ERM is shaky, but I can leave the local players to worry about that. They thought there was going to be a squeeze last year, then they assumed it would be this year, now they worry about after the next General Election. Let them eat their hearts out. My clients could be in and out three times before

the next UK election."

What about the bad trade figures? I murmured. "Trade figures?" repeated Steve. "I get so many of them across my desk, for every country you can think of I don't look at them any more. They don't add up properly — except to about minus \$100bn at the global level — and anyway capital flows are what drive currencies these days and you don't get any credible numbers at all for those from most countries, Japan excepted. It suits my book. The more black holes there are in the statistics, the more scope there is for people like me."

Steve is one of the new breed of global asset allocation supremos. He is based either in New York or London — I am never entirely sure which — but he is often to be found in the Far East too. He is a fast talker, and notable for his highly polished presentations, at which a blur of coloured charts and tables of statistics flashes across the screen before a bemused audience.

There are two main reasons why Steve, and several others like him, are riding high at present. One was the collapse of the Tokyo stock market in the first quarter this year. The other has been the rise and rise of Europe as a factor in the global stock market.

Steve did not exactly predict the tumble in Tokyo, but it played into his hands anyway. "My clients were right out of Japan," he told me. "Frankly, no way were they buyers at 60

### The Long View



**Tiring of the UK, Steve the strategist is planning a trip to Spain, but he will not be there for very long**

pe's, so I had to bend with the wind on that one. It hurt like hell in '88 but in '90 I'm in heaven."

The reason is that the global

strategists usually measure their performance against a World Index benchmark, and since Tokyo is still 34 per cent of the World Index in capitalisation terms (and was 41 per cent on January 1) the underweighting of his model portfolio in Japan has left it hugely (more than 10 per cent) up against the benchmark.

Usually Japan goes the other way, of course. If it does, Steve — being a resourceful chap — tends to use another set of slides and argues that the index should be adjusted to exclude Tokyo altogether. Another response can be to place more emphasis on GDP weightings, which cut Japan's representation in global portfolios by about half. But this year he is more than happy to include the Japanese market in the benchmark at its full capitalisation weight.

As for Europe, its stock markets have charged ahead in the past year or two to reach a global weighting of around 25 per cent. The crucial feature of the European bourses from Steve's point of view is that they are very open to international influences. Frankfurt, once a domestic backwater, is now a playground for foreign funds.

"I know where the global money is going," said Steve. "That gives me a big advantage in smaller markets. But Wall Street and Tokyo are still controlled by domestic players. That makes them much harder for me to read. I prefer the locals and the

foreigners to be in better balance, so I can arbitrage between one side and the other."

But the problem for Steve and his clients is that it can be very hard to trade in and out of the smaller national markets.

He apparently dreams of the day when he will only need to deal in index futures contracts. That is starting to be a practical proposition in the UK, but not yet elsewhere in Europe.

"It can be irritating to have to buy individual stocks when all you really want to do is to reweight your country exposure," said Steve. "I generally rely on a small sample of world index constituents. But it's surprising how even the big stocks can move against you."

He recognises that the focus of global investors on the big blue chips is opening up a valuation gap compared with the second tier stocks. "Theoretically it's becoming exploitable, but it's too small a game for me," he mused.

Steve is already out of Germany, is downweighting France and thinks the UK's rally is about played out.

"It could be on to Spain and Italy now," he told me, "but that will be the end of the rotational sequence. No sweat. Being so far ahead of the benchmark I can always neutralise my weightings and have a quiet summer."

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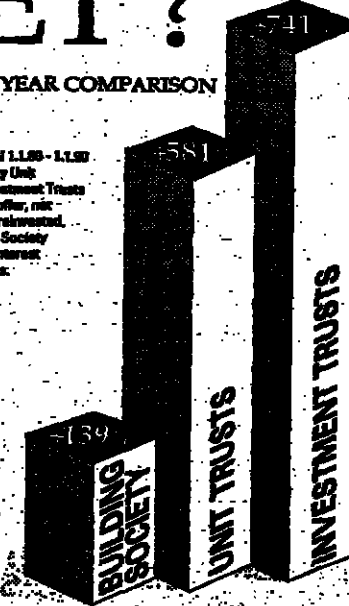
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MARKETS

LONDON

# Bears prowl as profits fall

POLITICS AND economics may be intrinsically linked, but that does not always make them happy bedfellows. So it is with the driving forces behind stock market sentiment at present.

The bull case over the past few weeks has been heavily political. On the one hand, it has derived from hopes of an early exit for sterling into the Exchange Rate Mechanism of the EMS; on the other, from a belief that General Election considerations could prompt a move towards lower interest rates (and, therefore, a more clement business climate) sooner than expected.

Wall Street, of course, has played a major part in this bullish scenario. Indications of more moderate economic growth in the US fuelled hopes of lower interest rates there. That, in turn, stimulated a re-rating of the US market, pushing Wall Street to new peaks. London was quick to follow.

The bear case has rested on a more parochial view of the economic realities. The immediate outlook for corporate profits is anything but encour-

aging, and the inflationary picture is still bleak. The level of pay settlements, meanwhile, remains uncomfortably high.

This week, the bear case has made a valiant effort to reassert itself, as some of the pressures on companies were writ large. Receivers were called in two quoted retail groups - Coleroll and Glasgow-based A. Goldberg - while British & Commonwealth, John Gurn's ailing financial services empire, finally sank into administration.

Profit falls were reported by a number of groups, including Pilkington, Norcross, and NRC (the former National Freight Corporation). And, on the troubled property front, British Land announced a fall of more than 10 per cent in the value of its City office portfolio, while Great Portland disclosed an equivalent 17 per cent drop - with the latter news knocking share prices throughout the property sector as a result.

Just to compound the gloom, the CBI/FT survey of distributive trades suggested a sharp fall in the rate of growth of capital expenditure by the

retail, wholesale and motor industry over the next 12 months. Investment would increase by only 1 per cent in real terms, company projections indicated. That provides statistical backing for the anecdotal evidence which has been surfacing over a number of months.

Yet despite a predominantly bearish view among analysts, the stock market has been slow to lose heart. The FT-SE 100 Share Index nudged seven points higher on Monday and was checked principally by a more measured start on Wall Street. It ended virtually unchanged, despite some erratic swings, on Tuesday.

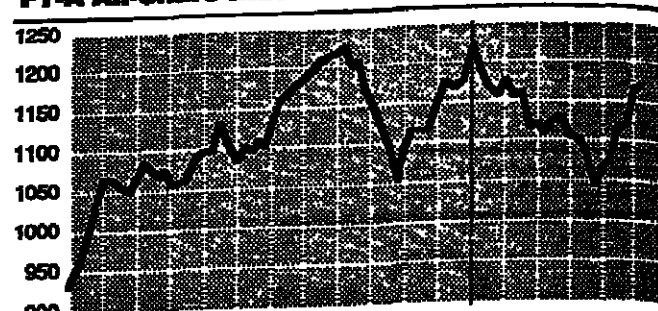
Only on Wednesday did the tone become noticeably nastier. The Footsie fell more than 21 points, amid nervousness over the US market's future trend. But that was scarcely a representative result: half the City seemed to be at Epson for the Derby, and the trading volume shown by SEAQ fell to 40m shares, compared with a relatively healthy 60m-plus seen in the previous session.

Moreover, when the punters returned on Thursday, those losses were more than recouped, although by the close of business the gain had moderated to 20 points. The week - and the account - then ended on a dull but sober note, with Footsie 11.8 points lower at 2866.6 by the close.

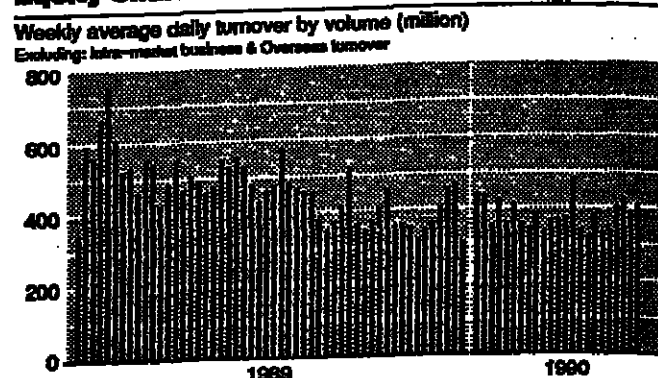
So what should be made of the fluctuations? True, some of the bad news this week was not exactly unexpected. The move by B&C into administration had seemed increasingly likely, given the diverse interest groups which needed to reach agreement before any "survival plan" would fly. Coleroll's problems had also been well-served, although judging from the behaviour of its investors, the extent of its financial difficulties had not.

There were some brighter spots, too, as the March year-end results season continued. Argyl, the supermarket group, reported a 14 per cent rise in 1989-90 earnings although it was not exactly unexpected. The move by B&C into administration had seemed increasingly likely, given the diverse interest groups which needed to reach agreement before any "survival plan" would fly. Coleroll's problems had also been well-served, although judging from the behaviour of its investors, the extent of its financial difficulties had not.

## FT-A All-Share Index



## Equity Shares Traded



lowing week brings a crop of trade figures.

What could resolve the market's current dilemma would be a serious revival of bid activity. The rumours fly fairly frequently at present and most investment banks are adamant that there is no shortage of ideas being examined. Yet on this front, too, the public picture remains ambivalent.

Very crudely, there are two problems. First, there is a limited market for acquisition funding without a major revival in the underwriting system, and now that the US banks have retuned back, second institutional liquidity appears to be keeping acquisition prices relatively high. It is any "give," it is on the former score. The return to "paper-funded" deals is proving a slow and edgy process.

The point was well illustrated this week by the careful manner in which Tomkins, the UK conglomerate, approached its would-be purchase of Philips Industries. Philips is an Ohio-based holding company with a variety of industrial

interests, and had been subject to an abortive leveraged buy-out scheme.

Tomkins won management's agreement for a significantly lower offer - evidence, perhaps, that US prices are rising in a way that UK acquirers can only envy - but the deal demanded equity funding. Rather than take the normal step of underwriting (and then sub-underwriting) a cash call as the deal was announced, Tomkins made the unusual move of announcing a two-week "sales campaign" among institutional fund managers. Only then will it put the underwriting in place.

This sort of caution is widespread. It is true that the tail of modest rights issues keeps coming - Atwoods and Ash-ley Group added their names this week - but once the sums being raised top £100m to £200m, a safety-first approach prevails. And that, surely, speaks volumes for the pessimism which still holds court in the Square Mile.

Nikki Tait

## JUNIOR MARKETS

# Needed: a new market

Perhaps the best fate for the Unlisted Securities Market would be its abolition.

While that might seem a rather delayed suggestion, for this of all markets it is the conclusion of one of the market's most prominent players. "Let's clear the thing out and repack it. Smaller companies are fed up with it," says Mr Brian Winterlood, who runs Winterlood Securities, the leading market maker for the USM.

In part, it is a question of appearances: the term "unlisted" is seen as demeaning for a market that is carefully regulated by the stock exchange. "It was always a misnomer. We don't want something that has a government health warning," Winterlood says.

That concern has been heightened by a perceived lack of marketability of smaller companies, he thinks. The volatility of prices, the difficulty of buying shares and the risk of getting locked into holdings have rarely been higher.

The problems have been sharply exacerbated over the last fortnight following the closure of Kitcat & Aitken and Stock-Beech Securities's market making arm. Kitcat made markets in the shares of about 100 mostly smaller companies while Stock-Beech dealt in nearly 250 smaller companies.

As a result, there is an increasing number of companies which lack a proper market for their shares. Winterlood Securities, which makes markets in the shares of about 100 mostly smaller companies while Stock-Beech dealt in nearly 250 smaller companies.

One way of tempting the small investor back into the market would be to give them a chance of investing in new issues. This became frustratingly difficult in 1987 when the Stock Exchange changed the rules on placings.

In the view of Bill Dordacher of BZW, the Exchange should consider a new mechanism that could spread shares around more evenly at a placing.

For Brian Winterlood, the answer would lie in a change in the dealing rules to favour market makers in small companies. He would like to see a "Domestic Stock Exchange," that specialised in small and medium-sized companies, with different procedures to the main market. "We are having a lot of discussions with the stock exchange to work out whether we have the right system," he says.

Another solution to the problem might be giving up the idea of market makers altogether. A growing body of opinion thinks that the Stock Exchange should develop an order driven system, matching buy and sell orders, rather than rely on competing market makers.

Vanessa Houlder

## FINANCE & THE FAMILY: THIS WEEK

### A man with the world on his shoulders

Sara Webb talks to David Hardy, the chairman of Globe Investment Trust, about the Coal Board Pension Funds' bid for his company. Plus Richard Waters on how Stock Group fell into the insolvency trap and John Edwards on where to put your money for the best investment return. Page III

### Good news for grannies

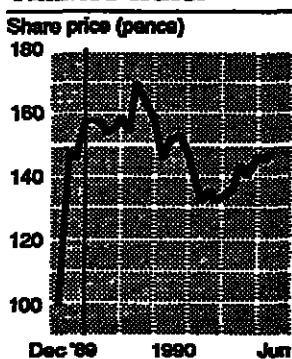
John Edwards looks at new issues of National Savings certificates. Plus David Barchard on which building societies may decide to merge and Kenneth Gooding with a dire warning on gold shares. Page IV

### Minding Your Own Business

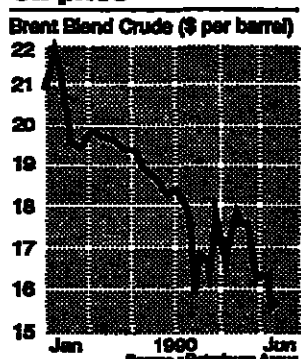
Paul Tapscott on how new businesses can keep their costs down in the all-important start-up months. James Buxton meets a new kind of crofter, and Sally Watts reports on a couple who found a herbal remedy for redundancy. Page VI

■ BRIEFCASE: Realising a loss on shares - Page V

#### Thames Water



#### Oil price



### Thames Water dividend cheers investors

This week saw the first of the post-privatisation figures from the water companies which made their stock market debuts last December. Thames Water stood out after announcing a dividend of 10.07p, around 3.5 p, the first time any privatised company has opted to pay a higher dividend than forecast. Analysts described the proposed payment as a statement of Thames's intent to establish itself in its new environment as an above-average dividend payer. However, specialists at BZW say Thames is yielding less than other water stocks and are slightly concerned at Thames's pursuit of non-core businesses. Howard Gove points out that the second call of 70p on the shares - as with other water stocks - is due on July 31. Stephen Thompson

### Oil price hit by bad news

Oil prices plunged again this week - to 18 month lows - following a succession of unexpectedly bad news reports for the market. First were a series of reports showing that Opec members, with the exception of Saudi Arabia, had not seriously cut output as promised following last month's meeting. Then Saudi Arabia lowered July price formulae, and finally the US showed yet another significant increase in oil in storage, bringing it to an eight-year high. Even if Opec does suddenly slash production, it will take months for excess supplies to work through the system. Steven Butler

### House prices still in decline

House prices remained unchanged in May on the previous month but were 1.8 per cent lower than a year ago, according to the Halifax Building Society. The 1.8 per cent fall in the Halifax house price index from May 1989 to May 1990 represents the largest annual fall since the housing recession started at the end of 1988. Prices paid by first-time buyers were 2 per cent above those paid a year ago but fell by 0.2 per cent in May. The Halifax predicts that further limited falls in house prices will take place this year but it expects to see a recovery in 1991. Sara Webb

### New director for WI Carr

Mr Carr, the London-based stockbroker now owned by Banque Indosuez, appointed Fred Carr, right, as director in charge of new business this week. Fred Carr - who says he is unaware of any family connection with the firm despite the name - spent the last 15 years at Capel-Cure Myers where he was marketing director of the Capital Management business and dealt primarily with private clients. WI Carr is known for its strong presence in the Far Eastern markets with offices in Hong Kong, Tokyo, Seoul, Bangkok, Kuala Lumpur, and Taiwan. The parent bank, Banque Indosuez, recently acquired Gathorne, the UK fund management group, from the troubled financial services house British & Commonwealth. S W



### Unit trust stalwart dies

Edgar Palamoutain, chairman of the Wider Share Ownership Council and a pioneer of the unit trust industry, died this week aged 72. A former managing director and chairman of the M&G group, where he spent 22 years, Palamoutain was a champion of private investors and a leading spokesman on their behalf. He was chairman of the Wider Share Ownership Council for 20 years and chairman of the Unit Trust Association between 1977 and 1979. John Edwards

THE "Gorbachev Effect" on the stock market has clearly been in evidence in recent days. As President George Bush and President Mikhail Gorbachev posed for the world's television cameras on the lawn of the White House, the Dow Jones Industrial Average jumped above 2,900 for the first time in history.

In celebration of Gorbachev's nostalgic meeting in San Francisco on Monday with Ronald Reagan, the former US president, the Dow Jones Industrial Average jumped another 34.2 points to yet another record high of 2,935.19.

Unfortunately for equities, however, Gorbachev had to go home. No sooner had he taken off for Moscow than the Dow started sliding, reaching a first string of three consecutive daily losses since late April.

The rest of the week was a rather dull affair as far as folk heroes go, with only the financial travails of Donald Trumpo liven things up. Deep in negotiations with his bankers all week, the brilliant real estate developer is apparently negotiating hard to sell the Trump Shuttle - the airline service running between New York and Boston, and the latest in his large collection of expensive toys.

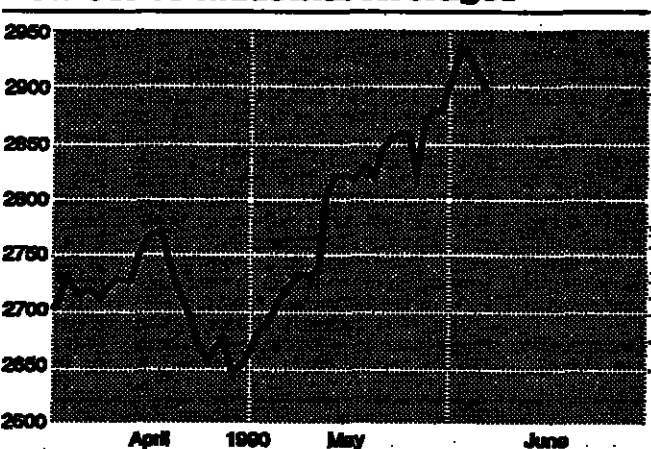
The airline sector never ceases to surprise. A week ago, corporate circles were astounded by the resignation of Gerald Greenwald, number two at Chrysler, to head the employees group attempting to buy UAL, the holding company of United Airlines. The word in New York circles is that the most likely buyer of the Shuttle is none other than Donald Shugrue, who is the trustee for the bankruptcy of Eastern Airlines and used to be the top operating officer at Continental Airlines. As Liz Smith, gossip columnist of the New York Daily News put it: "He sounds like a natural."

All this makes fine gossip material, but those concerned

## WALL STREET

# Shares hit the summit

## Dow Jones Industrial Averages



about a credit crunch will be casting a serious eye on Trump's negotiations with Bankers Trust, Chase Manhattan, Citicorp and Manufacturers Hanover as a benchmark of bank attitudes towards highly-leveraged customers. Amid evidence of a New York real estate market which is beginning to weaken significantly, it would be far more than a matter of amusement if Trump cannot thrash out a workable agreement with his bankers.

Bank stocks were the most obvious beneficiaries of the major pattern which emerged in the stock market this week, in which investors took profits on some of the large, high-quality issues which have led the rally to record highs and switched funds into sectors and stocks which have significantly underperformed blue

chip issues.

In the language of Wall Street, this is called a rotational play. It is both a sensible way to invest in a market which is at historical peaks and also a sign that there may now be a consolidation after May's jump of 8.9 per cent.

Financials stocks suffered earlier this year because of concerns about their exposure to highly-leveraged transactions and weak real estate loans. Bank issues dominated the most active list on the New York Stock Exchange on Monday when the Dow Jones Industrial Average rallied strongly, partly because they are now perceived to offer good value and partly because of lingering hopes that interest rates are heading lower.

They continued to do well, along with utilities, which

also react well to expectations of lower interest rates, even as the broad market turned lower (and even as opinion on interest rates was mixed).

Blue chip issues and growth stocks were the hardest hit when profit-taking set in, with stocks such as PepsiCo trading at around 20 times expected 1990 earnings, and Home Depot, which has been valued at nearly 40 times expected earnings.

Profit-taking was bound to come at some point but was speeded on its way this week by a number of factors. First, the conclusion of one of the market's most prominent players. "Let's clear the thing out and repack it. Smaller companies are fed up with it," says Mr Brian Winterlood, who runs Winterlood Securities, the leading market maker for the USM.

However, a number of Fed officials commented on interest rates in the middle of last week and gave the distinct impression that there was no strong momentum for lower rates within the central bank.

Edward Kelley, one of the Fed's governors, said that he was comfortable with the Fed's monetary stance, and Roger Guffy, president of the New York Fed, said that the central bank was achieving what it had set out to do.

Another development which contributed to the weakness of the equity market in the latter half of the week was a drop in the price of oil. After a period of strong momentum for lower rates within the central bank, oil prices on unsubstantiated rumours of a nuclear accident in the Persian Gulf, shares of oil and oil services companies suffered.

Monday 2895.19 + 34.23  
Tuesday 2925.0 - 10.19  
Wednesday 2911.65 - 12.26  
Thursday 2897.58 - 14.32

Janet Bush

# Investment in leisure is no occasion to take it easy

WHEN Michael Gifford, the Rank Organisation's chief executive, announced his company's all-paper £506m share offer for Mecca Leisure a week ago, he dismissed the idea of a cash alternative: "I think Mecca's shareholders will be only too pleased to exchange their shares for those of Rank," he said.

Gifford may yet be forced to change his mind and offer a cash alternative if Rank's bid is to succeed. If no cash is forthcoming then Mecca's shareholders will, at least in the short-term, be forced to stay in the leisure sector even though they, along with many in the City, may be having doubts as to whether the business of making money out of fun is where they want to invest at the start of the 1990s.

From being one of the glamour sectors of the market in recent years, leisure stocks are now being given a wide berth by many investors. At the same time, some leisure com-

panies are also beginning subtly to distance themselves from the leisure name. Expedier Leisure, which operates and manages corporate hospitality events, this week announced plans to drop the word leisure from its corporate name. Kunk, the amusement machine business, has already dropped the "leisure" part of its name.

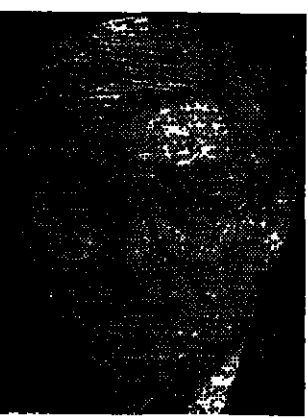
This, however, still leaves plenty of other companies - many formed only in recent years - which clearly indicate their market strategy with the nomenclature leisure: First Leisure, European Leisure (which recently took over Midsummer Leisure), Pavilion Leisure, Stanley Leisure.

For all its vast size - and the Henley Centre for Forecasting estimates that total consumer spending on leisure this year will be worth some \$51bn - the leisure sector remains highly fragmented. A few large companies dominate the sector: Trusthouse Forte in hotels; Ladbroke in hotels and bet-

ting; and Rank, which is usually rated as an industrial stock because of its lucrative holding in Rank Xerox, even though most of its earnings now come from leisure. Other companies rated in the sector include Granada and Thorn EMI, largely because of their television rental businesses.

But apart from this clutch of companies, most quoted leisure companies are small and often entrepreneurially-run. "The leisure business is only just emerging from being a cottage industry," Gifford says.

It is this aggregation of a myriad small purchases, ranging from a meal or a night out to a trip to the cinema or package holiday abroad, that makes it easy for the investor to believe he has a feel for the sector, but at the same time masks the difficulties many companies have in running their business successfully. The successful leisure operator of the 1980s was typically someone who had identified a



Michael Gifford: exchange

niche leisure market such as bingo, betting, or discos and was able to apply sound financial techniques, often for the first time. These markets are usually cash-generating businesses as well - which is why tight financial control adds so much to the bottom line. Michael Ward, an ex-mar-

chant banker with such blue-chip institutions as Samuel Montagu and S.G. Warburg, typifies this approach with his European Leisure operation. Following the acquisition of Midsummer, European Leisure is now one of the UK's leading disco operators. Yet it still has probably less than 10 per cent of the highly-franchised UK disco market.

The other hall-mark of the 1980s leisure operator was a strong management style. George Walker, for example, the chairman of Brent Walker, has had many admirers in the City over the past decade for his ability to make money out of such seemingly hopeless ventures as the Brighton marina project. Yet his aggressive management style seems to irritate rather than excite City analysts imbued with the scepticism of the 1990s.

There is little doubt that increased disposable incomes, more free time, and a greater variety of options will all make leisure one of the growth areas of consumer expenditure in the decade ahead. Some estimates suggest that by the year 2000 travel and leisure will have become the world's largest industry. But the ride may be a little bumpy than the nervous would like.

David Churchill











## FINANCE &amp; THE FAMILY

## EXPATRIATES

## Subtle changes in tax procedure

IT IS becoming clear that subtle, but potentially important changes are taking place in the Inland Revenue's procedures where domicile outside the UK is claimed.

Domicile status is the factor which connects the individual with a particular legal system. It is a status distinct both from residence and nationality and has an importance which extends into a number of areas of the law.

In the field of taxation, its significance is considerable. Those fortunate enough to possess non-UK domicile - typically foreigners or those of British stock whose families emigrated at some earlier time - may, in consequence, be able to defer, curtail or even eliminate some of the UK tax liabilities which would otherwise have attached to them.

It is no surprise, therefore, that a claim to be domiciled outside the UK has never been a matter which the Inland Revenue has been willing to accept "on the nod".

Somewhat unhelpfully, it has long been the practice of the Revenue to decline even to discuss the matter until it is immediately relevant for the determination of a tax liability. Consequently, there is no point in writing to the Revenue from abroad, setting out your circumstances, indicating that you would like to spend a period of years in Britain and seeking confirmation that you would not be regarded as a UK domiciliary.

Your question would be politely turned aside. Consequently, you might opt to seek independent advice and, provided it supports your cause, come to the UK prepared to argue your case from within. Alternatively, should you prefer to clarify your status first, you could remain overseas and force a ruling by gifting into a discretionary settlement overseas assets of such an amount as would, if you were UK domiciled, give rise to an immediate tax liability.

However, the Internal Revenue Division of the Inland Revenue (which is concerned with domicile so far as it relates to income tax and capital gains tax) is now declining to make rulings and is willing only to express opinions.

In explanation of the change, the Revenue is claiming that "rulings" are a matter for the courts. What is the reason for this change? Will it permit the "opinion" to be declared mistaken and for the matter to be re-opened retrospectively?

If so, that would have very serious implications. Apart from introducing a further element of uncertainty, the ability to rely on hindsight could be a powerful weapon in the Revenue's hands.

For example, you might come to the UK with the clear intention of staying for no more than five years but, in the outcome, remain permanently. It would then be very difficult for you to identify the time when the change came about and, consequently, to rebut any suggestion that you should be regarded as acquiring UK domicile from the date of your first arrival.

Whilst uncertainty on the point remains, the would-be non-UK domiciliary should take even greater care than previously since they will not know the extent of the tax liability they will face when coming to the UK. This is in sharp contrast to the right of US taxpayers to require the Internal Revenue Service to give them a ruling on any such matter.

In a further change of practice, the Revenue now tends to begin its consideration of domicile by asking about the amount of your overseas income and its remittance to the UK.

It is arguable that you need only respond to the latter part of this question. Your duty of disclosure under the Taxes Acts extends only to income (or gains) "computed in accordance with the Income Tax (or Capital Gains Tax) Acts" and the fact that non-remitted overseas income (or gains) are taxable only if you are a UK domiciliary.

However, it appears that the question is, in fact, simply a reflection of the "no consideration until it is relevant" attitude. If you had overseas income, all of which was remitted to the UK, the whole amount would be taxable regardless of your domicile. Consequently, it will be sufficient to reply that you do have overseas income or gains, not all of which is remitted to the UK.

There are signs too that efforts are being made by the Revenue to ensure that domicile settlements once made, are reviewed from time to time. That should be the situation now, but the reviews seem frequently to be overlooked.

Donald Elkin

Donald Elkin is a Director of Wilfred T Fry of Worthing, West Sussex.

TURKEY straddles Europe's borders with the less developed world, a position reflected in its banking arrangements.

A holiday-maker in one of the seaside resorts on the Aegean or Mediterranean coast can expect to be able to cash travellers cheques and Eurocheques easily and pay his restaurant or hotel bill with a plastic card. A few miles inland, in the small towns and villages of the Anatolian mountains, nothing but cash is accepted for payment.

So, if your holiday plans take you to Turkey, the first thing to do when planning your finances is to look in the mirror and ask yourself the question that most people prefer not to face: are you a traveller or just a tourist? Are you going on a package tour in search of sun and sand, or do you belong to the more adventurous minority of the 3m visitors who now go to Turkey each year, who travel to the remote east of the country? If you are going off the beaten track, you will have to work out ways of keeping up your cash liquidity.

Bear in mind too that modern tourism and electronic banking technology both came relatively recently in Turkey. Older trading habits can sometimes offset gaps in the system. In the early 1980s Ankara's largest bank would refuse to pay a 5000 cheque into a Turkish Lira account on the grounds that the amount was

Travel Money: David Barchard on the Turkish banking system

## Don't burn the banknotes



too large, but carpet dealers (who seem to have infallible credit scoring techniques) would happily accept it.

Things have changed since then. Today Turkey's currency - the Turkish Lira - is fully convertible, at least in theory. Restrictions on bringing currency into the country or taking it out have gone. The trouble is, that with inflation around 65 per cent, you will not find too many people outside the country who want to buy it.

So one rule must be that you should not change more foreign currency than you need. You can (in theory but not always in practice) sell back any excess when leaving the country. The rate is certain to be bad and the airport bank branch will probably tell you that it is out of the foreign currency you want. Generations of angry tourists (and some expatriate Turks) will testify that the effort to change Turkish Lira is time-consuming and not worth the hassle.

Unfortunately, the duty free shops at Turkish airports do not yet seem to have been told that the Turkish Lira is now convertible and will probably only accept foreign currency, if

you change Turkish Lira into sterling in the UK, you will probably lose more heavily.

Banks: Bank branches keep standard office hours in Turkey: 9.00 to 5.30, but close for lunch. Branches are closed on Saturdays. Not all will change currency, even if they have a sign on the door indicating that they do. Turkey has an amazing number of banks and bank branches, about 6,500 in all, but staff in branches outside main tourist locations may be unfamiliar with the routine for converting travellers cheques and a wait of up

to 30 minutes is not unusual. The traveller is often given a glass of Turkish tea or a soft drink while he or she waits.

In tourist resorts, several of the more enterprising banks have opened special bureaux which are open throughout the week for 12 or more hours a day. It is a pity that the staff at these centres from the Aegean to Cappadocia, in my experience, tend to be particularly helpful.

Banks generally charge a commission of up to 2 per cent when they buy foreign currency, though this can on occasions be waived. In spite of this, local prices levels are low (except in international hotels) and foreign currency seems to go a long way.

A bank or foreign exchange bureau will give you a receipt after you buy foreign exchange. It is sensible to keep this: it is likely to be demanded if you do try to sell your excess Turkish Liras when leaving the country.

Alternatives to banks: the Turkish post office operates a money order system which is widely used. Funds seem to arrive more swiftly than they do through the banks. But in general, this is a form of money transfer suitable only in the last resort: perhaps for someone stuck in a remote town.

It is also not advisable to use it through a UK post office. Girobank does have a system for transferring money abroad, but it is expensive and slow.

Acceptability of travellers' cheques: retailers used to dealing with tourists will accept these, as will hotels and banks. Smaller retailers and hotels probably will not.

Preferred foreign currency: the pound is little-known in Turkey compared with the US dollar (regarded as the standard international unit of exchange) and the D-mark. If you are not going to incur a loss by taking dollar travellers cheques, then it may be worthwhile doing so. Cross-rate fluctuations on the Turkish foreign exchange markets seem to be extraordinarily severe at times and you may benefit (or suffer) as a result of opting for pounds rather than dollars.

If you come from outside the UK, bear in mind that some minor Third World currencies may not be accepted anywhere in Turkey. The Central Bank sets out a table of currencies which can be legally changed into Lira.

You may find individual Turks asking to buy foreign currency from you. This habit, dies hard, even though they can now get the money from the bank if they want. It is not

illegal, but remember to charge them the selling rate rather than the buying rate.

Airport banking facilities: at Istanbul and Ankara, there are bank offices for changing foreign currency and travellers cheques. These do not take credit cards and there are no cash machines. Banking facilities are usually available at the smaller regional airports around the western and southern coast, but inland airports do not have them.

Credit cards: cash advances from bank branches are possible, and you can also use Visa cash machines in the large cities at branches of Yapi ve Kredi Bankasi, but these tend to be congested at peak hours. You get into the lobbies by putting any plastic card with a magnetic stripe into the door.

The use of cards is fairly widespread in tourist shops and hotels, though the retailers pay a stiff commission. So if you pay for your carpet or gold bangle in the bazaar with a credit card, you will probably not get a substantial drop in the price offer. If you intend to pay for a meal with a card, make sure that it really is acceptable. Restaurants in some seaside towns stick American Express and Visa labels on their doors for decorative effect only. Dining Club use is relatively high in older establishments in the large cities.

In general, do not expect to be able to pay by credit card for petrol or repairs to your car. If you have a breakdown, you will have to pay for it in cash - though again this will probably cost far less than in the UK. Eurocheques are widely used and accepted, so it may be worth getting a back-up pack of Eurocheques from your bank.

One final point: because of the high rate of inflation in Turkey, low denomination local currency notes proliferate, worth only a few pennies in some cases. Even if this annoys you and you feel tempted to destroy a banknote for some reason, don't do so in public. Turkish banknotes are protected by law: only the Central Bank has the right to destroy them. There are periodic Turkish newspaper reports of foreigners, usually American servicemen, being arrested for cutting up or burning banknotes in restaurants.

But don't let this put you off changing currency in Turkey has its own charm. Your contacts with the Turkish banking system may be a little slow, but they are likely to generate conversations and perhaps even friendship with the staff.

## Sara Webb reviews the best and worst performers over one year Japan tops unit trust league table

JAPAN and Europe have provided the best opportunities for unit trust investors in the last year, according to the figures published this week by Finsat.

In spite of the sharp fall in the Tokyo market at the beginning of the year, the best-performing fund for the 12 months to June 1 is NM's Japanese Smaller Companies fund, with a 73.3 per cent increase. This fund was managed by Schroder until April 1 but is now managed by NM's fund management subsidiary, Meridian. Schroder's own Japan Smaller Companies fund came second over one year, with a 68.6 per cent increase.

Japanese smaller companies have performed strongly in the one-year and three-year performance tables. Andrew Rose, assistant director on Schroder's fund management team in London, says that Japanese smaller companies performed rather badly until about 18 months ago.

"Up until then, the Tokyo market was driven by liquidity and people were mainly buying blue chips, but since then less money has flowed into the stock market and investors

have been looking for high-earning growth stocks."

As a result the smaller companies listed on the second section of the OTC have performed well. The Japanese market overall had a poor first quarter, falling 13 per cent in yen terms in March alone (equivalent to an 18 per cent fall in sterling terms). But the first section of the market fell by 22.7 per cent in yen terms, while the second section only fell by 3.1 per cent.

Fund managers report a subsequent inflow of funds, since investors regarded Tokyo's fall as a good buying opportunity. While Japanese smaller companies provided ample scope for gains, their counterparts in the UK gave rise to the worst-performing funds over one year.

"Smaller companies as a sector has been little short of disastrous," says Simon Baker, manager of the Windsor Smaller Companies fund, which has fallen by 42 per cent in the last year. He adds that there are few buyers for shares in smaller companies and that his fund has halved in size in the last

year due to redemptions.

Investments in Iffco (a commercial insurance broker), Nobel & Lund (an engineering group) and Sale Tilney (a food, technology, insurance and financial services group) did not help either, as the share price for all three companies fell dramatically.

The worst performers over one month were the money market and fixed interest funds, which lagged as confidence in equity markets was renewed. Over the longer term, Australian funds turned in the worst performance.

## UNIT TRUST PERFORMANCE OVER ONE YEAR

Unit Trust	% Change	Unit Trust	% Change
<b>Top 10 Performers</b>		<b>Worst 10 Performers</b>	
NM Japanese Smaller Cos	75.3	Windsor Smaller Cos	-42.0
Schroder Japan Smaller Cos	68.6	AEMA Smaller Cos Gth Ac	-38.6
Lazard European Growth	47.2	MGM Special Situations Gth	-38.2
SG Europe	45.1	Brown Shipley Recovery	-37.1
Scot. Widows Europe	42.6	AEMA Financial & Property	-36.7
GF Germany	42.2	Brown Shipley Smaller Cos	-35.7
AEMA European Gth	41.7	MH&L Brit Smaller Cos	-35.1
Lloyds German Gth	41.6	Tyndall Capital Defender	-34.6
Royal Trust PPT Sing & Malay	41.4	Murray Smaller Cos	-34.5
Abnrot European	39.9	HNI Samuel Smaller Cos	-34.1

Source: FINSAT data to 31/05/90

## Realising a loss on one's shares

HAVING SOLD an investment property this year I have realised a large capital gain. I also hold two or three lots of shares which have performed very badly and are standing at about a quarter of the price I paid for them. I have considered selling them and buying them back to crystallise the loss, but the difference between the bid and offer price is large (almost 1:2), so this is not very attractive.

I am therefore considering giving these shares to my wife or to my mother-in-law in order to crystallise the loss. The gift will be genuine: I would rather give the whole parcel of shares to someone close to me than lose a large proportion of the value by selling to and buying back from a third party.

Will this be successful in realising the loss?

a) If I give them to my wife?  
b) If I sell them to my wife?  
c) If I give them to my mother-in-law?

If the gift or sale is successful in establishing a loss, then I assume the value for tax purposes of the shares given or sold will be the price quoted in the Financial Times on the day I make the transfer. Is this correct?

If I sell a portion of the shares on the market and give or sell the remainder to my wife or mother-in-law, can I establish a lower per share value, namely that received from the market?

a) No. A transfer to your wife will be deemed to be for a price such that "on the disposal an unindexed gain accrues to the transferor which is equal to the indexation allowance on the disposal, and accordingly the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues," by virtue of section 44 of the Capital Gains Tax Act 1979. The words in quotation marks are from paragraph 2(3) of schedule 12 to the Finance Act 1982, as amended in 1985. A free pamphlet, CGT15 (1989) - a guide for married couples, is obtainable from your tax inspector's office.

b) No. For the reason explained above.

c) No. Your mother-in-law is a connected person, as defined in section 63 of the CGT Act 1979, and section 62(3) says that a potentially allowable loss on a disposal to a connected person "shall not be deductible except from a chargeable gain accruing to him on some other disposal of an asset to the person..."

The answer to both questions in your penultimate paragraph is no. Market value is defined in section 150 of the CGT Act and, in respect of shares listed in London, is on the quarter-up basis (whereas the prices in the FT are mid-market).

## Tax bill on garden

I LIVE in an end-of-terrace house owned jointly with my wife. Planning (outline) permission has been granted for the erection of a pair of semi-detached dwellings with parking facilities in my land (garden) adjoining our cottage. The land extends to approximately half an acre.

a) I have been told that if I sell my garden, capital gains tax is not due. Is this correct? b) Would CGT be due if I sell my house and garden with the planning permission?

c) The other thought is to build the pairs of semis myself, sell my house, move into one semi and sell the other. This presumably means that tax is due on one house. Could I claim building cost for both semis against tax on the one I sell?

a) Yes, provided that you continue to use the entire garden just as you always have, until after the end of the contract has been made, and that you do not mark off the building plot from the rest of the garden in any way until after the sale contract has been made.

b) No. A free pamphlet for owner-occupiers (CGT4) is obtainable from your tax inspector's office. This simple reply is based upon the assumption that no part of your house is used exclusively for the purpose of your

## Q&amp;A

No legal responsibility can be accepted by the Financial Times for the accuracy of the answers given in these columns. All inquiries are answered by post as soon as possible.

business, the comments in our reply to question a) are equally applicable to this question.

c) Professional guidance is essential before embarking on this course of action. The profit would be assessable to income tax, almost certainly. The answer to your final question is no.

## Calculation of CGT

I UNDERSTAND that capital gains tax is charged at the highest income tax rate on your income, but I am unclear whether you actually add the gains to your income to find the rate chargeable. For example, if one's investment and earned income is £15,000, and one has £20,000 capital gains in the year, is it right to add this to the £15,000, putting one into the 40 per cent rate for the capital gains?

Yes - in the example you gave, part of the gains would be taxable at 25 per cent and the rest at 40 per cent. Section 98(3) of the Finance Act 1988 says: "If no income tax is chargeable at the higher rate in respect of the income of an individual for a year of assessment, but the amount on which he is chargeable to capital gains tax exceeds the unused part of his basic rate band, the rate of capital gains tax on the excess shall be equivalent to the higher rate of income tax for the year."

## Valuation of houses

IN 1969 my husband, a building contractor, built four maisonettes at a cost of £6,000 each, which we then let to tenants. In June 1987 we sold one of the vacant maisonettes for £24,000. We then received from the estate agent a letter

stating that in March 1982 the property would have been worth £21,000. Via the Inland Revenue, the district valuer was called in. She accepted that the 1982 vacant possession value would have been £21,000, but as it was not vacant then she valued it at £9,500.

We did have signed agreement with the tenant (who died in 1974) that notice of three months could be given by either landlord or tenant to terminate the tenancy, but the valuer says that this agreement would not have been valid due to the Rent Act laws that were in force at that time, so we would have been unable to achieve vacant possession.

We are very perturbed that the valuer can arrive at a figure of £9,500 for tenanted property, leaving £11,500 to equal the vacant possession, this being more than the price of the property. How does a valuer arrive at these prices, and should we appeal? There are no other maisonettes in the area to compare prices. We intend to sell the other three

maisonettes when they become vacant, so are very keen to establish a correct procedure now.

It is right that the tenant in occupation in 1982 would have had security of tenure under the Rent Act 1977. Therefore, the district valuer is correct in seeking to apply a value of the flat as tenanted. You may be able to challenge her figure of £9,500, although it is doubtful if you could get it above £14,000. You should consult a qualified valuer as to this. The historic cost of building the property is of no significance.

## How a PET matures

IN FEBRUARY 1987, when the nil rate for inheritance tax purposes was £71,000 for each spouse, my wife and I (each now over 70) gave to our children a total of £140,000 in cash and securities as our first and only Potentially Exempt

Transfer. The current nil rate figure for IHT is £118,000, giving a total between us of £236,000. We therefore have an unused and available "nil rate balance" of £96,000, and contemplate a further gift of this amount to our children.

However, in 1987 our professional adviser (since retired) warned that it might be inadvisable to make a further PET until the February 1987 gift had survived the full seven year period of cumulation, as there was possibly a risk that the further gift would "contaminate" the first gift and that the freedom from IHT for the first gift would not, in fact, mature until a full seven years after the date of the second gift. We believe that by case, statute or concession the first gift will now be free of IHT in February 1994, irrespective of subsequent gifts. Is this correct?

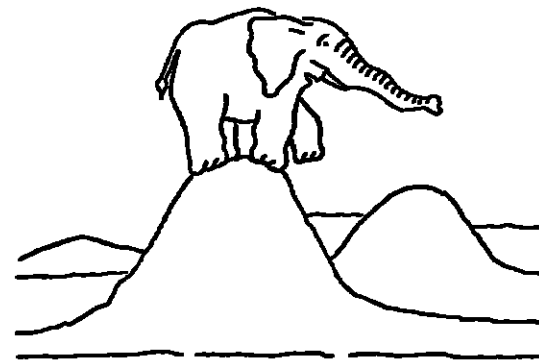
The position now is that each PET will mature into exemption seven years after the date of the transfer in question.

## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
<b>CLEARING BANK</b>						
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000
High interest cheque	9.20	9.80	7.88	monthly	1	5,000-9,999
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999
High interest cheque	10.20	10.70	8.50	monthly	1	50,000
<b>BUILDING SOCIETY</b>						
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000
High interest account	9.00	9.00	7.20	yearly	1	500
High interest account	9.70	9.75	7.50	yearly	1	2,000
High interest account	10.25	10.25	8.20	yearly	1	5,000
High interest account	10.50	10.50	8.40	yearly	1	10,000
90-day	10.25	10.51	8.41	half yearly	1	500-9,999
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999
90-day	11.50	11.83	9.46	half yearly	1	25,000
<b>NATIONAL SAVINGS</b>						
Investment account	12.75	9.56	7.85	yearly	2	5-25,000
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.
34th issue	7.50	7.50	7.50	not applicable	3	25-1,000
Yearly plan	7.50	7.50	7.50	not applicable	3	20-200/month
General extension	5.01	6.01	5.01	not applicable	3	-
<b>MONEY MARKET ACCOUNT</b>						
Schroder Wagg	10.33	10.63	8.67	monthly	1	2,500
Provincial Bank	11.02	11.59	9.27	monthly	1	1,000
<b>UK GOVERNMENT STOCKS</b>						
5pc Treasury 1991	13.22	11.12	9.98	half yearly	4	-
5pc Treasury 1992	13.11	10.96	9.73	half yearly	4	-
10.25pc Exchangeable 1995	12.18	9.50	7.89	half yearly	4	-
5pc Treasury 1994	12.45	10.17	8.78	half yearly	4	-
5pc Treasury 1992	10.52	9.70	9.20	half yearly	4	-
Index-linked 2pc 1992/95	11.84	11.22	11.01	half yearly	2/4	-

\*Lloyds Bank, Halifax 90-day; immediate access for balances over £5,000. Special facility for extra £10,000. Source: Phillips and Drew. 5% assumes 0.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

## STEWART IVORY Unit Trusts



## LOOKING BEYOND THE NEXT BOOM

In March of this year Stewart Ivory were ranked 5th out of all management groups in 'What Investments' Management Group Of The Year.

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## PERSPECTIVES

"Perhaps it is only in childhood," writes Graham Greene, "that books have any deep influence on our lives."

THE MORE books I read the more I am inclined to agree, though I should wish to extend "childhood" to mean in this context the period up to and including one's 25th birthday.

By then the pattern is set and nothing mediated through the pages of a book is likely to alter it. Greene continues: "Of course I should be interested to hear that a new novel by E.M. Forster was going to appear this spring, but I could never compare that mild expectation of civilised pleasure with the mislead heart-beat, the appalled gleam I felt when I found on the library shelf a novel by Rider Haggard, Percy Westerman, Captain Bereton or Stanley Weyman which I had not read before."

Fashions in favourite writers change. Of Greene's list only Haggard perhaps has survived. You might have to look for *King Solomon's Mines*, and *She* on the adult shelves of your public library now, but they will certainly be available, most likely discovered with constant use. Rider Haggard is still re-printed in paperback, so are the best of Buchan, Dornford Yates and "Sapper" — Richard Ueborn's "Clubland Heroes", all of them still doing good business in spite of the wog-bashing and other attitudes offensive to our multi-racial society. A good yarn is a good yarn.

Whatever the vagaries of social attitudes which may cause a one-time favourite to go into decline, there are some authors who hold a permanent sway over our childhood. Let us try to make a list. Carroll (though the real joys of *Alice* come later in life), Stevenson, Beatrix Potter, Barrie, A.A. Milne, Kenneth Grahame, Arthur Ransome, C.S. Lewis, Tolkien, and, I suppose, Kipling — though isn't he read nowadays more by adults than by children? Richard Adams' *Watership Down* would need to be included, and so would the William books by Richmal Crompton, to judge from the success of the current revival. And the Jennings stories.

Everyone will wish to add or subtract his own favourites from that list, but I think we know so much through biographies about the lives of these great enchanters. Ann Thwaite's life of A.A. Milne is the most recent, is there some common denominator? Can one point to one trait or fact of biography that made them pro-



## Enchanters of the golden age

Anthony Curtis on the authors who hold sway over our lives

duce work of such lasting power over our lives? What is it that makes them so accessible to children, and the clear-eyed world of the child? Carroll adored little girls, and was only sad that they grow bigger every day. He saw childhood — or rather girlhood — as a series of questions and answers. He correspondingly dished out small boys and positively loathed big boys. Carroll's letters to little girls contain some of his most delightful writing for children.

It is a curious fact that many of the great children's authors were either, like Carroll, childless or had difficult relations with their own children, or more often step-children. Barrie, for example, was childless and grew up in the shadow of an elder brother who died, and who to Barrie's chagrin had been idolised by their mother.

He compensated — see Andrew Birkin's *Barrie & The*

*Lost Boys* — by taking over, body and soul, the children of others. These were the Llewellyn Davies boys, whom he met in Kensington Gardens, five of them altogether, for whom he became the surrogate father after the death of their real father and mother.

R.L. Stevenson captivated both children and adults by creating a world where closely observed reality is shot through with adventure and fantasy. He had no children of his own but he did acquire a stepson, Lloyd Osbourne, with whom he got on extremely well, taking him on his journey to Samoa and collaborating with him on literary projects.

C.S. Lewis had, like Yonge, a moral purpose in his stories for children, and acquired stepsons late in life whom he brought up devotedly after the death of their mother (see *Lenten Land: My Childhood with Joy Davidman and C.S.*

*Lewis* by Douglas Gresham). But he had written his Narnia stories before they came into his life. According to A.N. Wilson in his recent biography, Lewis retreated to Narnia and the world of his own childhood, after his study of Miracles had been savaged by Oxford philosophers. His charming *Letters to Children*, some of them about Narnia, were published in 1955.

Beatrix Potter, a countrywoman and an authority on fungi, was childless, and so was Richmal Crompton, a schoolmistress disabled by polio, but neither were uninterested in children; Richmal had a favourite nephew on whom the character of William, his speech and pranks, was based. Beatrix Potter's letters to children, printed in the selection edited by Judy Taylor and published last year, show her gift

for communicating wittily and unpatronisingly with the very young. Her early books, including *Peter Rabbit* and *The Tailor of Gloucester*, were based on letters she wrote to the children of her former governess.

Arthur Ransome was childless by both his wives. The second, Evgenia, an assistant to Trotsky, he met as a journalist in Russia. Ransome gained his love of boats and fishing from his father, a university professor at Leeds, and he derived his understanding of large lakeland-loving families, who messed about in boats, primarily from the Altonians (see Hugh Brogan's biography of Ransome). There were five Altonians; the father Ernest was half-Armenian and the mother, Dora, was the daughter of W.G. Collingwood. Her brother Robin C. was the Oxford philosopher, a boyhood friend of Ransome's. The Altonians occupied the

same place in his life and works as the Llewellyn Davies family in Barrie's.

Now let us look at some spell-binders who were themselves parents. Kipling, who had a wretched childhood himself and whose only son was killed in the Great War, seems to have been a delight to his nephews and nieces, to judge from accounts by the Burne-Joneses of Uncle Ruddy's earliest readings of the *Just-So Stories*. Kipling's letters to his children, printed first in 1963 in *O Beloved Kids*, reveal a proper parental concern.

Kenneth Grahame's childhood began happily enough in the Highlands of Scotland but after the death of his mother, his father — an alcoholic — sent his brood of children south to be brought up at Coocham by Grandma (see Peter Green's *Beyond the Wild Wood*). Kenneth Grahame was a clever boy who should have

gone to Oxford but instead became a clerk at the Bank of England. He managed to write in the leisure time that seems to have been common for clerks at the Bank in those days.

Graham married Elspeth Thomson when they were both in early middle age. By this time he had risen up the hierarchy in the Bank to the top as Secretary. They had one son Alastair ("Mouse") to whom he told bed-time stories about animals who lived on the river bank. Mouse did go up to Oxford but while he was there he died on a railway line.

On retirement from the Bank, Grahame returned to Coocham Dean which was for him, as Coniston and Derwentwater were for Ransome and Beatrix Potter, a kind of paradise on earth: a paradise regained through the writing of stories which proved to have a great appeal to children.

When *The Wind in the Willows* appeared in 1908 Ransome reviewed it in *The Bookman* and he didn't care for it. "The poems in the book are the only things really written for the nursery, and the poems are very bad. If we judge the book by its aim, it is a failure, like a speech to the House of Commons in Chinese. And yet, for the

Chinese, if by any accident there should happen to be one or two of them among the audience, the speech might be quite a success.

There were quite a few "Chinese" in the audience, as it happened, and it was a great success, and a further success on stage when, in 1929, A.A. Milne made a play out of it, *Toad of Toad Hall*, revived annually until fairly recently.

Milne had just the one son, Christopher Robin, whom he immortalised in his work. What it felt like actually to be Christopher Robin has been set down unforgettably in *The Enchanted Places* by Christopher Milne. The genesis of the Pooh legend in Ashdown Forest, the interminable games of clock golf in the garden at home, his formidable name, and his father's mounting disquiet at what he had unleashed, are all recorded with unblurred, ironic detachment.

It is only of Milne among these writers of whom it could perhaps be said that he did not really like children. Ann Thwaite disputes this, however. She makes a case for Milne as a professional playwright, who one day composed in verse a fantasy connected for the family circle, and then exploited commercially.

It is similar to the case of Richard Adams, who, while he was a civil servant, used to tell his daughters stories about rabbits to stop them feeling sick on car-journeys, stories which he then put down on paper and had published. But although on the surface about rabbits, they contained the stuff of his wartime service with the paratroops. Here patriotism does return in the form of a fable.

Tolkien had four children of his own and was by all accounts another excellent parent with a charming gift for penning illustrations in Christmas and birthday letters. But Tolkien would, surely, have strongly denied there was anything especially child-like about the worlds he invented, those of Middle Earth.

Most of these writers are what used to be called middle-class; many, like Tolkien, had strong Oxbridge links, and a surprising number good illustrations as well as writers. The worlds they created had a physical, tangible presence from which once entered it is difficult to tear oneself away. Their power seems likely to continue for many years to come, and over children who have not yet been born.

IT MAY seem extravagant, but there was a moment when I had memories of the plains of Serengeti when visiting an estate in the Scottish Highlands last week.

We had been admitted through the locked gate at the boundary of the estate and were following the road up the wide strath (river valley) between the rocky hills. Suddenly, a few hundred yards away, we spotted a great herd of stags, ambling across the flat green grassland or wading through the pools of the meandering river.

Usually when I've seen stags at the valley floor they are in little groups, scurrying anxiously along. Here there were as many as 70, ruminating placidly, like the vaster herds of wildebeest one sees in East Africa.

We were at Braulien, (pronounced Brawlen), 30,000 acres of deer forest and moor midway between the east and west coasts of northern Scotland, a wilderness of hill, glen, loch and river stretching up to the 3,700 ft peak of Sgurr na Lapsich, still with patches of snow in late May. The views are lovely without being breathtaking. There is a Victorian shooting lodge and three cottages and, apart from the surprisingly smart cars left by a few walkers, it was desolate.

In the cool rooms of the empty lodge, which sleeps 26 and has a full-size snooker table, the visitors' book told a story of happy August house parties of members of the Laird's family, their friends and children. But in the eyes of an FT man, it also suggested serious under-utilisation of a productive asset. In the past three years the lodge has apparently only been occupied for 36 days: in 1987 people stayed there for only seven days.

All that may now change. Earlier this year Braulien was sold by its owner, the Hon Simon Lovat, son of Lord Lovat, the head of the Fraser clan, as part of a large property deal worth about £15m. The new owner is Landmatch, an English company registered in Luxembourg which buys "strategic property with leisure potential" on behalf of its institutional investors.

In the late 19th century the Fraser family still commanded 175,000 acres from its seat, Beaufort Castle, 10 miles from Inverness. Taking advantage of the doubling in the last couple of years in the value of sporting estates in Scotland, Simon Fraser, who lives much of the time in London, sold both Braulien and the non-tidal part of the river Beaulie as a single lot, although they do not adjoin each other. The sale has caused sadness in the area, not least within the Fraser family.

Dick Bilborough, managing director of Landmatch, bought the property with the aim of obtaining the Beaulie fishing and will be putting Braulien back on the market, asking £1m. Whoever buys it, there will almost certainly be a change from the gentle management applied when an estate is managed mainly for the enjoyment of a family and its friends. In future they are likely to be run in a way that more closely reflects their enormous capital value.

The Beaulie, in places broad and deep and running in big bends through woodland and pasture, is one of the leading salmon rivers in Scotland; its fishing was not destroyed by the hydro-



Dick Bilborough, managing director of Landmatch, surveys a new sporting acquisition

## Scotland — up for sale

The Highlands' vast sporting estates are increasingly being broken up and sold for investment. James Buxton reports

electric power stations which interrupt its tributaries, such as the river Farrar, which runs through Braulien.

But it has not been fished heavily: only 800 fish were taken from it last year. Bilborough, a keen angler who lives in Norfolk and appears somewhat humbled by the scale of his acquisition, points out that 7,000 fish pass through the conifers on the salmon ladders at the dams, and that catches on the nearby river Conon have more than doubled in recent years since it came under more intensive management.

It is also a fact that the more fish are caught in a river the greater its capital value. The River Beaulie Fishing Company, formed by Landmatch, has already raised the number of rods permitted on each of the three bottom beats of the Beaulie from four to five. Like so many new fishing proprietors in Scotland it has divided this stretch of the river into 510 rod-weeks over the 34-week season. It has already sold 70 of these units; each "share" confers the right to fish one beat in perpetuity in a particular week.

"I don't like the word timeshare," says Bilborough, "and if it is timeshare it's a pretty upmarket kind..." Each unit has sold for between \$45,000 and \$85,000, raising \$3m, and a further 20 are to be sold. The company offered shares to the anglers who had previously rented the fishing but none applied. Landmatch will keep the remaining shares for now and hope they increase in value, and it still has the less productive upper beats.

Landmatch has commissioned a study from a salmon expert at Edinburgh University of ways of improving the Beaulie's potential — for example the building of cruives (pronounced croys), piers of stones jutting into the river which create more pools for salmon in the flat stretches.

The Beaulie used to be one of the few salmon rivers in Scotland under single ownership. Timeshare means more people get a chance to fish a river and more money may be available to develop it, but if it is to work well there must be a good legal framework and some way of enforcing discipline among the owners. With the prices they have paid, disappointment is always a danger.

Braulien is a different proposition. A deer forest is a place for red deer to roam and graze, unimpeded by fences and with rival creatures such as sheep kept out. Stag shooting begins in late July or early August when the stags have shed the skin or "velvet" covering of their new antlers. Parties consisting of the stalker and one or two "rifles" — guests armed with a weapon — go up to the hills, where the stags retreat in summer, to stalk and kill their quarry.

The problem at Braulien is that there are too many deer. The infertile slopes look over-grown and the woods of Scots pine are rather scrawny because the deer eat any young tree that comes up. After stag shooting ends on October 20 the stalker and the sportsmen are supposed to turn their attention to the less prized hinds but as on many other

Highland estates today not enough hinds are being shot.

The Red Deer Commission, which tries to control the deer population, is recommending that 300 hinds are shot on Braulien this autumn, for much of the 1980s fewer than 100 have been culled each year. The result is too much competition for grazing and in winter pathetically thin deer die of starvation. A reduction in the hind population would produce stronger specimens and better sport, and still enable more stags to be shot.

It would not be practical for Landmatch to sell Braulien as a timeshare. Instead it is offering what is one of Scotland's larger deer forests in single ownership, though it would not be surprised if it was purchased by a consortium.

One is not expected to make money out of running a deer forest, or get a return that bears much relation to its capital value. But apart from the deer, the little-fished river Farrar could be fished for the salmon which come up in the summer, and there are trout in the lochs. It might also be possible to do a little grouse shooting.

Colin Strang Steel, of the estate agents Knight Frank and Rutley in Edinburgh, which is putting Braulien on the market next week, says that many of the more recent Scottish estate owners, powered by money made in the south, tend to hang on, regarding the properties as part of their investment portfolio.

That is not quite the way one thinks of an area of benign desolation.

### Bibliophilia

## Bookworm month

A browser's dream: William St Clair expects to find bargains and treasures in London's book fairs

EVERY JUNE the antiquarian book trade puts on its best display in London. At a series of fairs held in hotels in Bloomsbury and the West End you can see and buy second-hand and antiquarian books at prices ranging from £1 to £25,000.

Most of the business is within the trade — the dealers are predominantly British but at the expensive fairs there is also a sprinkling from abroad.

A book typically passes through the hands of several dealers before reaching a collector's shelves. But members of the public are welcome and you can sometimes intercept something special before it reaches the point of sale.

The titles of the fairs give you little idea of what to expect. The biggest and most varied is the PBFA (Provincial Booksellers' Fairs Association) held in the Hotel Russell in Russell Square WC2. It offers a complete change of exhibitors and of books after the first two days. To encourage impulse buying, visitors from abroad can have their purchases weighed and dispatched overseas direct from the hotel.

A new feature this year is a books roadshow where members of the public can take their family's putative treasures for advice and valuation. The advisers will mainly be members of the trade working in relays, and you should receive a range of opinion. It is a strict condition that the advisers will not offer to buy anything on the spot, but fortified with their advice you may be able to find a buyer elsewhere during the week.

The so-called National Book Fair, which takes its name from its location, the Royal National Hotel in Bedford Way, north of Russell Square, is much smaller. Like the Bonington, in the hotel of that name in Southampton Row to the south of the Square, it includes part-time dealers. Both fairs tend towards the cheaper end of the book market, second hand rather than antiquarian, but there are occasional bargains.

The really expensive books are to be found at the Antiquarian Booksellers Association Fair in the Park Lane Hotel which, it has to be constantly explained to doubtful visitors, is not in Park

Lane at all, but in Piccadilly.

The opening speech this year is being delivered by David Bellamy, the naturalist, at noon on June 19. He has doubts about collecting books, he writes guiltily in the catalogue, because they are made from trees, but then trees are — with care — a renewable resource. And books remain the chief medium for passing the wisdom of one generation into the future. He ends by thanking the trade for conserving the books for which the trees have given their lives.

In the intervals of browsing at the ABA you may like to see the exhibition of illustrations

by William Heath Robinson which will shortly go on permanent display in London. Heath Robinson was unlucky in entering the book business at a time when hand drawn illustrations were rapidly giving way to photography. But when the First World War temporarily killed off the tradition of expensively illustrated gift books, he found a new career as a humorist.

In 1934 he produced a half scale model of his ideal home, and shortly afterwards wrote "How to live in a flat". It is a delight to be able to see some of his earlier more serious work as well as the cartoons.



The converted egg which: An exhibition of William Heath Robinson drawings will be held at the ABA fair in Piccadilly

### BOOK FAIRS

PBFA	Hotel Russell	Fri 15	14.00-19.00	Free
		Sat 16	10.30-19.00	Free
		Sun 17	14.00-19.00	Free
		Mon 18	10.30-19.00	Free
National	Royal National Hotel	Sun 17	10.30-17.00	Free
		Mon 18	10.30-17.00	Free
Bonington	Bonington Hotel	Mon 18	08.30-19.00	Free
		Tue 19	10.30-17.00	Free
AIBF	Cafe Royal	Mon 18	10.00-20.00	25
		Tue 19	10.00-20.00	21
		Wed 20	10.00-20.00	21
ABA	Park Lane Hotel	Tue 19	11.00-20.00	25
		Wed 20	11.00-20.00	25
		Thu 21	11.00-18.00	25
PBFA*	Hotel Russell	Sat 16	11.00-15.00	Free
		Mon 18	11.00-15.00	Free

\* Antiquarian Book Roadshow



## FOOD &amp; WINE

UNTIL THE mid 1980s we British looked to Italy for what we traditionally wanted, rather than for what Italy had to offer. We were happy to buy even small castles in Chianti-shire, but oblivious to the far more easily transportable charms of sun-dried tomatoes, balsamic vinegar and mozzarella made from buffalo milk.

Nor were we offered many of these products in the Italian restaurants in England. The historical explanation for the poor standard of these restaurants until recently is that those who emigrated to England from Italy after 1945 came from the south, where the cooking is poorer and less interesting, rather than from the more gastronomically-minded north.

America benefited from this neglect and for a long time the best Italian restaurants outside Italy could be found not in Europe but in New York or Chicago. The Italian concentrated heavily on the US market and the Italian Trade Centres in New York and London highlight the difference. In New York it is a bustling showcase for Italy's wine and foods, in London, despite a wonderful location on Piccadilly, it is absurdly under-used. We even ignored most Italian wines until a few years ago, and it took an American and a Canadian to team up at Winecellars in Wandsworth (081-871-2880) to be among the UK's pioneers of Italian wine.

But now, at last, we are seeing a new generation of modish Italian restaurants in the UK and the concept of Italian cooking is blossoming, possibly even at the expense of French. The Italian emphasis on olive oil rather than butter, the grilling of meat and fish, and the importance attached to vegetables and salads have converted not only health-conscious diners but also many chefs in restaurants that are strictly not Italian. The Italian evocation of traditional peasant dishes has also been a useful marketing tool, and selling these "peasant dishes" at West End prices has proved a useful source of profit - ribollita, a thick vegetable soup at £4 or osso bucco (veal knuckle) with grilled polenta (cornmeal porridge) at £10 or more will keep the accountants happy.

Nor have chefs had too much difficulty in finding the right ingredients. Because there have been so many Italian restaurants in the UK, even if of poor quality, many of the companies supplying restaurants with their dry goods - oils, vinegars, pulses etc - have been Italian

too. Once the demand grew for the best that Italy has to offer these companies were there to supply them. And new ones have sprung up quickly, such as Polenghi for the very best Italian cheeses.

There were also certain individuals who, having preached the gospel of Italian food for the past 20 years, were finally noticed. The most significant have been Antonio Carluccio at the Neal Street Restaurant in London (071-836-8368) and Franco Taruschio at the Walnut Tree (0873-2797) in Aberystwyth, South Wales who, not content with running their own restaurants, have also been supplying other chefs all over the UK with wild mushrooms and every kind of truffle. A more recent example has been set by Ruth Rogers and Rose Gray at the River Cafe in Hammersmith.

There have, of course, been isolated examples of good Italian cooking. When Orso (071-240-5269) opened in London's Covent Garden in October 1985 it was not only the food and the very efficient service which attracted its followers. Just as important, its cool subterranean room and wonderfully evocative crockery gave off the air of Italy itself.

Design too played a significant part in two other restaurants and to a large extent was used to justify their prices. At Santini (071-730-4094) prices are high but the inhabitants of London SW3 did not seem to mind at its sister restaurant, L'Incontro (071-730 6327), prices are even higher - you wonder for a moment if they are not priced in lire - but the cooking can be first rate, particularly their sea bass with balsamic vinegar.

The River Cafe (071-381 8824) promised even more when it opened in Hammersmith, west London, in 1989. It looks good - it has to, situated in the studio of the architect, Richard Rogers, for which it began life as the staff canteen - with stunning views over the Thames its two chefs and co-proprietors, Ruth Rogers and Rose Gray, offer a short and very interesting menu which changes daily. They brought together a semi-professional approach to choosing and cooking with the best raw ingredients with a truly "amateur" love of food. How-

ever, this approach has led to the odd erratic performance from the kitchen - which can be particularly disappointing now that, after some fairly sharp price increases, dinner can cost £40 per head with wine.

The River Cafe has won enormous critical acclaim but the most flattering compliment to its arrival must be the ease with which it is now possible to recommend four



other good Italian restaurants around London which have opened in the last nine months: Cibo, Tiramisù, The Billboard Cafe and Florians.

The proprietors of all these have done a number of things well since they opened, and all seem to be busy, particularly at dinner - a measure of just how pent-up demand for good Italian food is in the UK. However, this is

the beginning of an overall improvement in Italian restaurants and not everything is yet done to the same high standard.

Of the four restaurants, the cooking is the most accomplished at Tiramisù, where I enjoyed a particularly good escalope of salmon with balsamic vinegar and spring onions. But the decor (although renovated, it was until recently a curry house) and the presentation of the menu and

the wine list do their utmost to detract from the chef's obvious abilities.

Conversely, at Cibo, where the interior is designed as only the Italians know how and the wine list is fascinating, the cooking can be poor. My gnocchi were unappetizingly heavy, the squid which followed had not been properly prepared and there were obvious signs of discord between the kitchen and

the front of house.

The most un-Italian aspects of the Billboard Cafe are in fact its view over Kilburn High Road to an enormous Irish pub, and its international staff - one was Scottish, the other just back from Australia. But the food and wine are authentic, extremely good pasta and antipasti - a dish of raw salmon marinated in olive oil served on olive oil bread was excellent - as well as the desserts. They have also imported the Italian tradition of welcoming children warmly. It is useful for Saturday lunch, and the manager showed no qualms in kicking down the door when my little boy locked himself in the toilet.

The same charm and welcome comes through at the artfully decorated Florians, but this time from two Italian managers. On the last occasion I was strongly advised against the wine I had chosen and pointed towards a bottle considerably cheaper, with the manager adding that the purchase of the expensive wine was something he now regretted. Their more peasant dishes are well prepared and very filling - Italian sausages with a bean stew, a sauté of lamb shanks and pigeon served with fresh peas.

These four restaurants, led by the example of the River Cafe, have added a much-needed flavour of Italy to London's restaurants, and at reasonable prices - dinner is about £25 per head with wine in any of the four. A year ago it would have been impossible to write enthusiastically about so many new Italian restaurants - in 18 months there may well be even more to talk about.

■ Billboard Cafe, 222 Kilburn High Road, London NW6. 071-328-1374.

■ Cibo, 3 Russell Gardens, London W14. 071-371-2085.

■ Florians, 4, Topsfield Parade, London N8. 081-348-5348.

■ Tiramisù, 327, West End Lane, London NW6. 071-435-3327.

■ A memorial service for Jane Grigson, the food writer, will be held at noon on Thursday June 28 at St. Margaret's Church, Westminster, London SW1. Widow of the poet Geoffrey Grigson, this extraordinary woman and wonderful writer died in March this year, aged 62. She combined a love of food with a love of many of the other simple pleasures of life - flowers, poetry, her friends and their company - and was happy to share her extensive knowledge with anyone fortunate enough to be in her company or to read her writings.

the front of house.

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WHEN I was a child I was allowed to choose my birthday menu, my parents having discovered early that greed was one of my strongest characteristics. The big day fell in mid-summer, and during my boarding school years took the form of a Sunday picnic lunch. We went to the Guards' Mess, Club near Maidenhead. My father would punt us downriver in search of a private spot. My mother unpacked the delicious spread and we all tucked in quickly before a flotilla of dirty-necked and stocky swans tried to get in on the act.

Each year I chose the same foods: roast chicken and strawberries. Not wildly imaginative maybe, but when the ingredients are the best and the cooking is impeccable such classics are hard to beat. A flavoured, some free-range bird, grown at its natural rate, hung before evisceration and simply roasted, is a great treat. So are good strawberries, picked at the peak of ripeness, and those fresh-fish Californian berries weighing in at two or three ounces, do not have the same charm.

**SPINACH & SALMON TERRINE**  
(Serves 6-8)

Like chicken and strawberries, salmon is a British classic for summer eating. Here the fish is partnered with spinach to

## Cookery

### Old classics are hard to beat

make a light, pretty-striped terrine. Although elegant enough to serve at the start of a special dinner, it is a straightforward recipe.

A tall piece of salmon weighing about 1 lb, or a slightly smaller middle cut of salmon (enough to yield 10 oz or so of filleted flesh); ½ lb spinach, weighed after discarding tough stems; scant ½ lb whitening fillets; 6 oz fromage frais; 1 egg; nutmeg and fresh tarragon.

Wash and steam the spinach and set aside to cool. Meanwhile, line the base and short ends of a small (1 lb size) bread tin with a long strip of lightly oiled baking paper. Also heat the oven to 350 F (180 C) gas mark 4, and prepare the fish. Skin and bone the salmon and cut the flesh into long narrow strips. Take the skin off the whitening and check for bones.

When the spinach is cold take it in your hands and squeeze the water from it. Get it as dry as you can, then process it until finely chopped. Add the fromage frais to the food processor, also the egg, the roughly chopped whitening, a generous seasoning of salt and pepper and some freshly grated

nutmeg. Process until the ingredients are well mixed and are reduced to a very smooth, thick puree.

Spoon half the spinach and whitening puree into the prepared tin. Lay half the strips of salmon over it. Scatter with tarragon leaves. Add the rest of the salmon and cover with the remaining puree. Cover the tin with lightly oiled baking paper then with a double thickness of foil. Cook in a bain-marie in the preheated oven for one hour.

Cool the terrine in the tin for about six hours before unmoulding, cut into thin slices for serving. Slicing is easiest to do neatly if the terrine is chilled, the knife is very sharp and is dipped in boiling water just before using.

**ROAST CHICKEN WITH LEMON**  
(Serves 4)

This beautiful variation on buttery roast chicken is delectable hot or cold. It comes from *The Second Classic Italian Cookbook*, by Marcella Hazan, one of my favourite cookbooks, out of print for several years but happily reissued now by Papermac at £8.99.

This recipe is for four people but to serve eight I prepare two smaller free-range chickens as described, sit them side by side in a large roasting pan and cook them for slightly longer than Marcella Hazan suggests for one bird.

1 young chicken weighing about 2½ lb; 2 lemons. Heat the oven to 350 F (180 C) gas mark 4. Wash the chicken, remove all the bits of fat hanging loose, and dry it well. Rub the bird inside and out with a liberal amount of salt and freshly ground pepper, using your fingertips.

Rinse and dry the lemons. Soften them between your two palms, and rolling them back and forth a few times. Perforate each lemon in at least 20 places with a trussing needle or toothpick.

Place both lemons in the chicken's cavity. Close up the opening with toothpicks or trussing needle and string. Run a string from one leg to the other, tying it at both knuckle ends. Do not pull the legs tightly together; leave them in their natural position. The chicken swells while it cooks and the string is only to keep the thighs from spreading and stretching and splitting

the skin at the inner folds. Put the chicken into a roasting tin, breast downwards. Do not add cooking fat: this bird is self-basting. Put it in the upper part of the preheated oven.

After 15 minutes, turn the chicken, with breast facing up. Be careful not to break the skin. If it is kept intact the chicken will swell like a balloon, which leads to a beguiling presentation at table. Should it deflate, however, it does not affect the flavour.

Cook for another 20 minutes. Then raise the heat to 400 F (200 C) gas mark 6 and cook for an additional 15 minutes. There is no need to turn the chicken again.

**SUMMER FRUIT TART**

A creamy strawberry tart makes an enticing alternative to strawberries and cream. It is a fine way to share 1 lb strawberries between twice as many people as the fruits would feed if served plain and simple. Just three things to remember: the pastry case should be made ahead; the filling ingredients can also be prepared ahead; but delay assembling the tart until close to serving time.

For the orange and almond pastry: 7 oz plain flour; 1 oz each ground almonds and icing sugar; the finely grated zest of an orange and a little orange juice; 4 oz butter; 1 egg.

For the filling: ½ lb curd cheese (sometimes sold as medium fat soft cheese); 1½ oz butter, at room temperature; 1½ oz caster sugar; ½ teaspoon orange blossom water; 1 lb small, firm strawberries; 2 or 3 apricots or peaches; about 8 each black and white grapes; a few spoonfuls of redcurrant jelly.

Whizz the flour, ground almonds and icing sugar in a food processor to mix them. Add the orange zest and diced butter then blend again. The bind with the yolk of the egg mixed with 1 to 1½ tablespoons orange juice. Chill for 30 minutes.

Line a shallow 10 in fluted flan tin with the pastry. Chill again then blind-bake for 15-20 minutes (375-400 F) gas mark 5-6 for about 20 minutes until the pastry is biscuity crisp. Brush the inside with egg white and bake for a few minutes more to seal the pastry, then cool completely.

Cream the butter and sugar with a fork until soft and well blended. Gradually beat in the cheese and the orange blossom water. Hull the strawberries and halve them. Stone and slice the apricots or peaches. Halve the grapes and seed them.

When ready to assemble the tart, barely melt the redcurrant jelly. Spread the base of the tart with the aromatic soft cheese. Scatter on enough fruits to hide the snowy mixture completely. Let the fruits lie where they fall and press them down lightly to seat them in the cheese. Pile the rest of the fruits on top, brush with the warm redcurrant glaze and leave for few minutes to set.

Philippa Davenport

## What price the '89 clarets?

THE 1989 clarets have caused more "opening offer" excitement than any since the 1982s were launched in 1983. Last year's crop, a record, was nearly 40 per cent larger than the 1982, although in the higher ranks not necessarily bigger than the moderate-sized 1986, as the pruning and the weather were both good. Whether 1989 becomes the "vintage of the century" must await not only the next 10 years, but also its own development over an extended period. But it is certainly not to be neglected by any claret collector.

There is no guarantee that they will cost less later, but now again are they likely to be available here in such profusion. It is not likely to be a vintage for profitable investment for even compared with the 88s, prices are much higher - in part due to a substantially lower pound. A typical opening offer price for the first-

growth 88s was £330 a case and now, as the table shows, they run to about £500. Other comparisons include Palmer: £182 and £250; Leoville-Barton: 295 and £130. Lower level wines show similar percentage increases, although, obviously, the outlay is much less: La Bégoussade: £70 and £85; Chasse Spleen: £78 and £110. (This also demonstrates the good value still of the seemingly classic 86s.)

The table shows the opening prices of 50 internationally-known châteaux as offered by 10 merchants experienced in this trade. The wines chosen are obtainable from several sources and their level of prices is likely to be of general interest. While most prices are ex-cellar Bordeaux with duty and VAT charges of up to £10 a case, Corney and Barrow and the Wine Society include delivery. Avery's prices are in-bond Bristol; Hungerford

claims to match any offer lower than their own, but this must depend on availability of stock.

Gaps in the table either mean that the particular wine was not bought or was sold out. Price differences are therefore less important than stock availability: these days our merchants have far less of the commanding position they once had in Bordeaux.

Adams of Southwold, Avey's of Bristol, Bibendum NW1, Corney and Barrow EC2, Philip Eyles of Amersham, Haynes Hanson and Clark SW6, Hungerford Wine Co, Justerini and Brooks, SW1, Lay and Wheeler, Colchester, Wine Society Swenager.

Edmund Penning-Roswell

OPENING PRICES FOR THE CLARETS OF '89										
(3)	Adams	Avery's	Bibendum	Corney & Barrow	Philip Byres	Haynes Hanson & Clark	Hungerford Wine Co	Justerini & Brooks	Lay & Wheeler	Wine Society
<b>Paulino</b>										
Lafite	—	534	540	600	—	—	—	540	498	490
Latour	—	494	495	580	465	—	525	535	498	490
Mouton-Rothschild	540	534	540	580	—	—	545	535	—	490
Pichon-Baron	—	222	229	—	214.80	—	225	250	—	228
Pichon-Lalande	—	249	268	280	259.80	215.80	262	270	253.92	265
Duhart-Milon	—	132	—	135	—	—	142	134	133.92	134
Bataillon	—	84	—	—	—	88.20	—	—	—	92
Grand-Puy-Lacoste	141	144	—	—	—	145.10	—	—	143.88	150
Lynch-Bages	—	219	224	235	210	215.80	216	240	215.40	228
<b>St. Emilion</b>										
Cos-d'Estournel	225	240	242	245	225.80	236.85	248	250	228.84	240
Montrose	—	177	168	176	—	173.85	167	178	—	174
Canon-Ségur	—	158	—	160	—	—	152	—	—	—
<b>St. Julien</b>										
Léoville-Las-Cases	275	297	275	300	—	—	265	295	—	270
Léoville-Barton	130	135	132	140	124.80	129.85	132	138	131.88	138
Léoville-Poyferré	—	150	146	158	—	154.90	147	159	—	148
Ducru-Beaucailhou	245	249	260	265	—	—	259	—	253.92	248
Graud-Larose	—	—	—	225	216	228.10	225	235	225.48	228
Talbot	—	—	162	175	150	158.85	175	175	—	—
Beychevelle	—	189	—	182	—	179.25	176	185	—	—
Langoa-Barton	—	115	118	120	—	116.70	114.72	125	—	124
<b>Margaux &amp; Haut-Médoc</b>										
Ch. Margaux	590	510	540	580	490	—	—	535	498	490
Palmer	240	258	260	260	245	254.90	261	—	248.96	260
d'Issan	—	118	119	—	117	—	118	128	—	123
La Lagune	—	125	124	130	—	121.90	122	128	123.60	—
<b>St. Emilion</b>										
Cheval-Blanc	535	489	525	500	492	—	540	530	498	490
Figeac	—	249	—	—	—	—	256	—	248.36	240
Ausone	—	—	—	—	—	—	580	—	—	—
Canon	235	249	255	—	—	—	—	270	237.36	250
Fonbrun	—	—	—	—	—	—	—	—	—	73
Pavie	175	177	179	—	175.80	—	172	190	179.88	185
La Dominique	—	150	—	—	—	—	143	155	—	—
<b>Pomerol</b>										
Vieux Ch. Certan	—	—	300	—	—	—	256	—	—	290
Gazin	—	165	—	—	—	161.85	165	175	182.96	—
Petit-Village	—	—	—	—	—	—	—	—	—	—
La Conseillante	—	354	—	—	—	—	256	—	—	—
<b>Groves</b>										
Haut-Brion	—	498	490	520	425	458.30	440	495	—	490
La Mission-Haut Brion	—	426	375	—	375	—	—	—	—	—
Pape Clément	—	177	178	—	—	—	178	—	—	—
de Fieuzal	120	135	130	—	120	124.50	120	137	—	—
Domaine de Chevalier	240	—	—	250	240	246	—	—	—	240
<b>Cru Bourgeois</b>										
Château-Spleen	107.50	—	108	—	—	114.70	112	112	107.88	114
Angludet	95	98	99	92	83.40	88.40	87	—	89	95
Potensac	—	—	—	—	89	57	—	58	63	65
Sociando-Mallet	—	—	104	—	—	98.00	—	112	115	—
Beaumont	—	49	—	—	—	—	—	—	50	52
La Begoussade	88	—	89	—	—	91.10	89	—	—	84
Poujeaux	—	—	—	—	79.20	—	—	89	93	—
Canon-de-Brem	66	—	—	—	—	—	—	—	—	—
Monbrison	—	102	116	—	—	121.20	122	129	—	—
Cissac	—	70	—	72	64.20	68.30	67	75	67.92	—



## HOW TO SPEND IT

Lucia van der Post on how to combat sun-induced ageing, an exhibition of 'future collectables' and carpets to cover every need

# Sun, sea, sand — and wrinkles

I'M SORRY to be a bore and to be the bearer of such unwelcome news, but if you were thinking of heading for some sunlit place and spreading yourself on a patch this summer I urge you to think again. Pale may not be fashionable, pale may not be beautiful, but it will keep you looking better for longer — and it could possibly save your life.

Skin cancers of all sorts and the dreaded melanoma in particular are increasing at an alarming rate. There are several theories as to why. Some focus on the fact that we are living longer than ever before, so of course we are going to fall prey to larger numbers of hazards. Others home in on the thinning of the ozone layer, which means greater exposure to damaging ultra-violet A and B rays from the sun. Yet others blame it on our curious penchant for tanning ourselves on foreign shores.

However, ever contrary, women it seems will go on tanning themselves if all they are risking is cancer. The one thing that really sends them heading for cover is the dread of looking old before their time. So let me spell that one out, too: every beauty expert, scientist and dermatologist is unanimous in agreeing that over-exposure to the sun leads to long-term skin damage. In other words: more wrinkles, sooner.

By now the words of wisdom of that guru among dermatologists, Dr Albert Kligman, of the University of Pennsylvania,

have been quite well dispersed. "Consider," he says, "the skin on a baby's bottom, and compare it with the skin on your face. The skin on your face could still look like the skin on the baby's bottom if it were kept as well covered and free from sun, stress, pollution and over-indulgence."

Stress, pollution and over-indulgence tend to come as part of a package called Life that we can do little about, but we can do something about the sun. And you don't need to spend a fortune — you could buy an inexpensive straw hat and keep it resolutely on, or you could take Dr Kligman's advice to the impeccable: "Buy a sunblock for the day and put Vaseline on at night."

Those who enjoy anifling around beauty counters will find it easier than ever to keep pale and still enjoy the pleasures of the sun. There is scarcely a beauty house that hasn't applied itself to the matter — the only problem the consumer faces is which of all those magical-looking lotions and potions to choose. Many simply go for names they know and trust.

Bear in mind that foundations shouldn't be too heavy in summer — they should even out skin tone, prevent the skin looking over-thick and at the same time protect against UV light. These days many beauty houses are building some protection against UV rays into ordinary daily beauty products. Lancôme has had a huge success with its Blenfat du Matin, a tinted moisturiser

with built-in UV A and B protection, and now it has brought out a foundation, Maqui-Eclat, which also protects one from the damaging rays. And this week Kanebo, the Japanese beauty company, has launched Total Finish with UV Protection, which is exactly what it says it is: a foundation and powder in one with built-in Sun Protection Factor of 13. It comes in its own little compact case for £21.95 and you can just put it on with its little sponge and saunter out.

Working on the theory that even under cloudy skies our skins are still subject to what Shiseido, a leading Japanese beauty company, rather darkly refers to as "invisible, pervasive forces," has introduced its UV Facial Protection Complex and Facial Recovery Complex. Together it claims the products not only protect against future UV damage but help repair the damage already done.

Those who are dipping in and out of water should remember that many products wash off. Look out for waterproof ranges — La Prairie has some good waterproof sunscreen products with SP factors up to 12.

Most people know that Sun Protection Factors are some guide to the protective qualities of the products but that they are by no means scientific. Beauty houses worldwide have failed to get together over the matter. What in America is referred to as Factor 8 may be something quite different in Japan. As a general guide an SP factor of 6 in Japan would



be about 4 in France and about 8 in America. As an even rougher guide, the higher the SP factor, the better.

Those who find most suntan creams much too oily might like to know that Lancôme has brought out an oil-free protective sun spray with an SP factor of 10 (£11 for 125 ml), so light and easy to dispense that it can be used all over (hair as

well) to protect from damage.

Those either sensible enough to think of the long-term or who have really sensitive skins should consider using complete sunblocks. Orlane's Vital Sunblock Cream at £10.50 is excellent, and if you use that together with its Self-tanner (£9.50) you could look as healthy and beautiful as the next person and yet protect

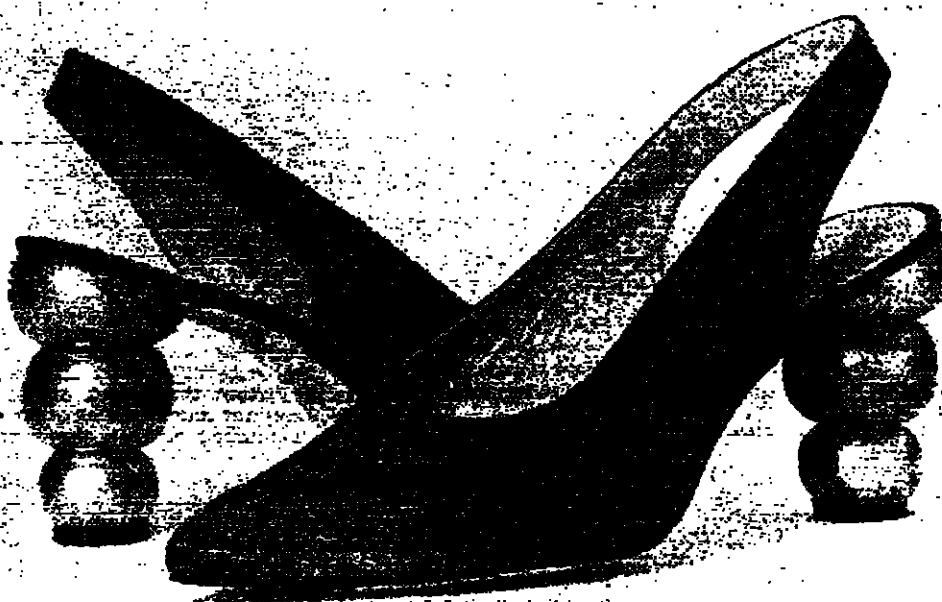
yourself from future wrinkles at the same time.

If you aren't convinced that pale is beautiful and insist on some degree of tanning then the best advice I can offer is to use some of the pre-tanning preparation creams before you start sunning yourself. They not only nourish and lubricate the skin but also prepare it for the sun's onslaught, giving it

some degree of protection.

Another alternative is a self-tanning lotion. Almost every beauty house has one these days. If you were one of the many who tried them when they were new to the market and found that a) they streaked b) they often turned you a rather uninviting orange rather than a delicious brown and c) they had a strange

odour, you will be delighted to know that the new generation of self-tanning creams are quite transformed. Odour-free and easy to apply, they are a huge improvement on the first models and though they don't last long (about two to three days) they look convincing while they do. Esteé Lauder's seems to be generally regarded as excellent, as is Clarin's.



## Totems of our time

THE latest exhibition at London's Victoria & Albert Museum — Collecting for the Future: A Decade of Contemporary Acquisitions — sounds enticing enough, but what are we to make of it in practice? Levi 501 jeans; a skinny lycra dress from Azedine Alaïa; a sinuous metal chair by Andre Dubreuil; a Sony Walkman; a Plofux; Doctor Marten's boots. Some useful, some fun, some fetching, some very well-made, some indubitably fashionable totems of our day — but are these really the things by which our era will be

remembered, the best that we can muster?

Of course, I quite accept that when it comes to matters of taste, of what is and is not collectable, a little iconoclasm is a good idea. Too much solemnity, too much preaching is not only out of keeping but a big turn-off to all except the really committed. I'm not sure here, though, that frivolity hasn't been overdone. It smacks a little of provocation, of making more of the objects than they intrinsically merit.

There are a few things to excite the eye, a few things which some of us will not

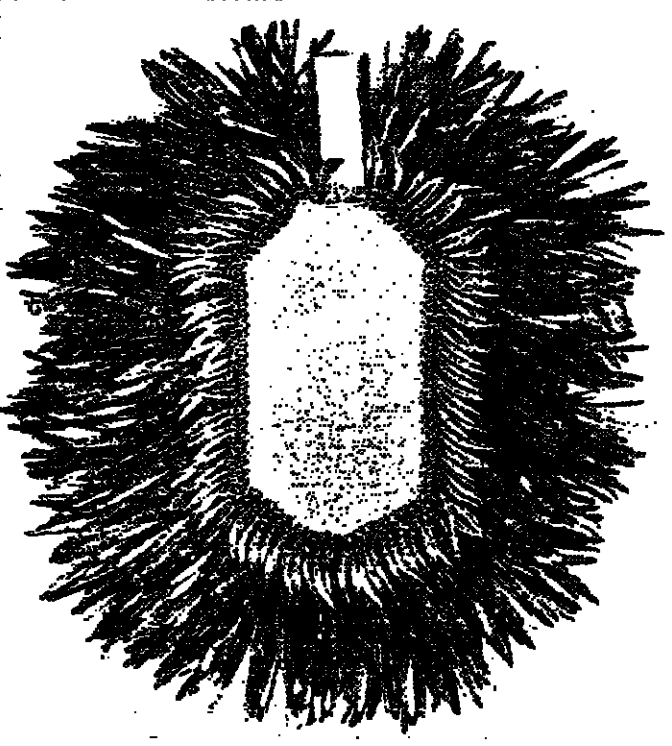
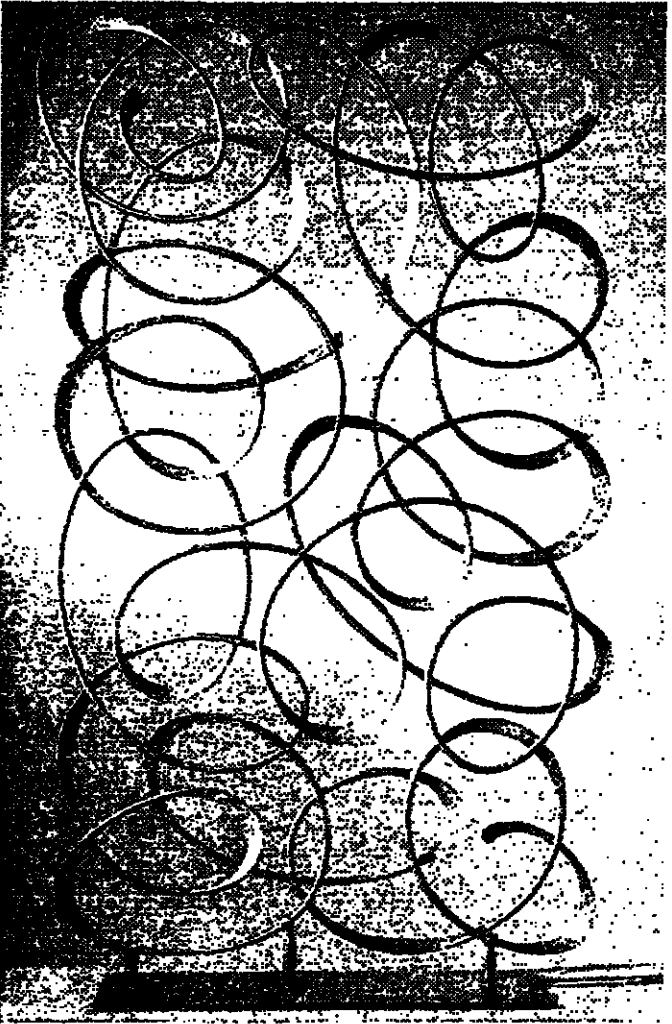
recognise all too easily — Johnny Moke's shoes, Klaus Walz's grille, some specially commissioned pieces of furniture — but on the whole there is too little to excite the eye, tempt the pocket or exercise the mind. The interest seems mainly to reside in curiosity about the choice of objects — of passing interest yes, but worthy of an exhibition? I have my doubts.

The exhibition runs at the V&A, South Kensington, London SW7 until August 12, Monday to Saturday, 10 am to 5.50 pm, and on Sundays from 1.30 pm to 5.50 pm. Optional admission donation, £2.

■ Also at the V & A next week (on Thursday between 10.30 am and 4 pm) is the chance to see 15 different master craftsmen at work. If you've ever wondered how glass was engraved, how a stone mason handled his raw material, how a silversmith wrought those wondrous shapes, or how expert needlework is done, now's your chance to find out.

Art in The Making is an exhibition organised by The Art of Living, and The Art of Living, for those of you haven't yet caught up with its activities, publishes an immensely useful handbook which lists and describes a whole host of specialist craftspeople and retailers connected with the world of interior and landscape design. Want a specialist urn made? Or a desk of special size? Or a hand-coloured carpet? The Art of Living Handbook will tell you who to turn to. The exhibition at the V & A is free; the handbook costs £29.95, direct from 11 Kensington Park Mews, London W11.

For the next week anybody living in London and looking for idiosyncratic pieces for the house or garden should head for architect Santa Raymond's house at 51, Lansdowne Road, London W11 (tel 071-727-1442), where she is holding a special one-off sale of pieces collected from all over the world. From now until next Saturday (open daily from 11 am until 7 pm, except on Sunday and Thursday when



Top left, shoes by Johnny Moke; top, decorative metal grille by Klaus Walz; above, necklace by Tone Vigeland: are they candidates for future collectables?

she will stay open until 9 pm) you will be able to buy garden furniture from the east; village beds from Bhutan; an ornate Chinese bed in carved teak; or a much-admired garden bench by a British student, Mark Westwood.

THE party present this year for the ubiquitous chap who has everything seems to be a trip in a hot air balloon. The Independent Balloon Company has several balloons which can be hired by the public. A single ticket costs £130, a double £230, and for your

money you get lots of free champagne and the chance to go wherever you like within the hour. At the end of your hour's flight you are collected and brought back to base.

If the recipient is of a nervous turn of mind it's worth noting that the speeds aren't exactly mind-blowing — 15 miles per hour is about average, and the company promises that all the pilots are highly qualified and very experienced. Contact James Scott at 71 Smithbrook Kilns, Horsham Road, Cranleigh, Surrey GU6 8JJ. Tel. 0483-268458.

## Carpets to covet

IF YOUR floors or walls are currently in need of a little embellishment, there are several options open to you.

You could hurry along to Christopher Farr in London's Primrose Hill where, from Friday onwards, he will be showing the fruits of two years work. Christopher Farr loves old rugs and old kilims but well aware that the supply is drying up and that the old traditional skills need to be nurtured on new designs if they are going to go on surviving, he took three young textile designers, Kate Blee, Sian Tucker and Matthew Weir to the Yuntag Mountains in Western Anatolia to meet village weavers and to devise bold new ways of using their skills.

The results are on show at Christopher Farr, 115 Regent's Park Road, Primrose Hill, London NW1 8UR (tel. 071-936-8834). All the materials used are of the highest quality — fine wools and natural dyes — and the resulting rugs and kilims look to be stunning modern interpretations of traditional themes and colours. Though the rug, photographed here, by Sian Tucker (11 ft by 7 ft) has already been sold (at £5,500) it gives you some idea of the richness of the designs.

Christopher Farr wants passionately to convey that new does not necessarily mean awful, that new can stand for high quality and fine design. He has gone only to small producers who are committed to fine quality. Some of the prices of the lush wool rugs, like Sian Tucker's, may seem high but there is a good selection of rugs under £1,000 as well as a collection of Tree of Life kilims, measuring 3ft by 2ft at £25.

Though Christopher Farr's new workings of old Anatolian themes would work beautifully with traditional interiors, some people may prefer the more floral style of antique French Aubussons. If so they should hurry along to The Vigo Gallery where from Friday onwards there will be a display of exceedingly fine Aubussons dating from about 1780 — 1880, many from the time of Napoleon III.

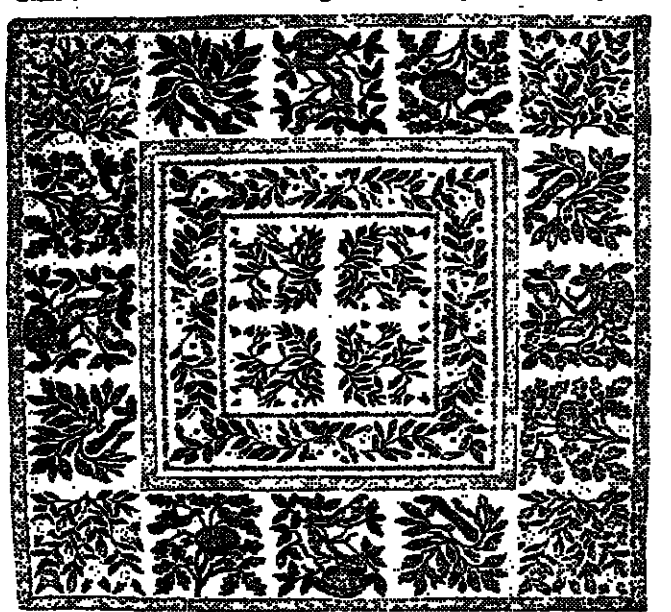
They will not be cheap — prices range from £12,000 to £70,000 — but they are rare collectors' items. Aubussons are very finely woven and are relatively hard-wearing. You would be foolish to put them in rooms with heavy traffic but find a quiet room, put them on the floor and enjoy them.

If you've always loved the ornate floral style associated with Aubusson and have some cash to spare then this is your chance to buy something really special. You are not likely often to see their like. The Vigo Gallery is at 6a Vigo Street, London W1X 1AE.

Finally, Stockwell Carpets commissioned four designers (three British and one American) to help produce its Americana Collection of rugs which captures the spirit of early American settler life. Themes have been drawn from American primitive designs, from stencil work and antique quilts. Exceedingly joyful in



Sian Tucker's innovative design for Christopher Farr carpets



"Williamsburg" from Stockwell Carpet's Americana collection

spirit, they are a delight to look at, capturing all the uncomplicated motifs so beloved by the early settlers. All the carpets are hand-made from naturally dyed wool and can be made in any size and any colour.

They have have to be made to order, prices work out at about £35 a square foot and orders take about 16 weeks. Order them from Stockwell Carpets, 67a Great Fitchfield Street, London W1.

Good news for travellers — a splendid new bookshop has just opened in London's Marylebone High Street which caters specially for travellers, whether real or just armchair. Started by James Daunt, who is all of 26 years old and already an ex-banker and bookshop owner, it offers

exactly what the literate traveller wants and nobody, surprisingly, supplies — from maps and guidebooks to out-of-print novels, children's books, cookery books and biographies all related to a given country.

Supposing, for instance, that you were thinking of going to India. Not only would you have a vast collection of maps and guidebooks to choose from, there would also be books on Indian architecture, the Mahabharata, on the Moghuls, on Indian cookery, a biography of Gandhi, the autobiography of a sepooy, a look at Indian religions and so on and on. Daunt Books For Travellers is at 83 Marylebone High Street, London W1. (tel. 071-224-2395). It is open until 7.30 every evening, six days a week.

EXHIBITION

### The Art of the Master Watchmakers

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## GARDENING/MOTURING

## Consolation for the paeony

Robin Lane Fox on the perfect foil for old-fashioned roses

WE HAVE been pitched into the season of old-fashioned roses sooner than expected: they are a month ahead of themselves and towering their heads off to the distress of the many gardeners who open their rose-gardens to the public at the end of this month.

Every year they raise an urgent question: what looks best with them in their many shades of purple, mauve and pink? The flower-arrangers were the first to come up with elegant answers. They made us aware of the yellow-green flowers of Ladies Mantle, the blue-grey leaves of hostas and the informal effect of white valerian, grown in quantity from seed.

My own best success has been with paeonies. I want to give them a column, partly because they have had a good year against expectations, partly because there are particular varieties which work particularly well in odd places. I also want to write a consolation.

Consolations, in the classical world, were little essays or poems which you wrote for pets, friends, or members of the family who were in distress and probably dead. In late March, I planted a promising bunch of an excellent variety, called Festiva maxima which I would normally recommend. They have had two hours' rain in the past nine weeks and have heeded my efforts with hope. Paeonies have a way of maturing slowly, but it needs an act of faith to believe that mine will ever be festive or maxima.

Among old roses, the one which I cannot resist is the obliging White Wings. It is single flowered, although one's first instinct is to think that good paeonies must be ruffled with petals and big heads in flower. It is, however, extremely tough and easy to grow, and it is one of the paeonies that disturbance, it can be divided without difficulty.

We started off in Oxford with one White Wings 12 years ago and now have lots of them, most of which are sitting among old roses. The white flowers are huge, open-hearted and filled with golden stamens. Somehow, they look much better than the double-flowered forms among old-fashioned roses, which are usually double-flowered.

ered themselves. One particular beauty of White Wings is usually forgotten: in high summer it has the most beautiful dark green leaves.

It also has the right season for the first flush of old rose-bushes. Here, we are all too lazy about the potential paeony-season. The best guide is the catalogue of the traditional kinds of the paeony, Kelways, of Langport, Somerset, TA10 9BT. They grade all varieties according to season, which extends from late May to early July in any year except this one. The grading has some sensitive categories which bear witness to an expert hand: they range

**Old plants can sometimes be found growing wild in ancient neglect among the grass**

from "Very Early Late" to "Early-flowering mid-season". Nonetheless, they do remind us that it is important to space out the varieties which you choose. We begin with some of the species and a single strong rose-pink called Silver Flame, which has a silver edge in May. We end off in late June with two absolute wonders, the double Cornelia Shaylor, which fades from a pale pink to a pure white, and the deep rose-velvet Institutuer Dorat. The latter is an Imperial paeony with one of those great centres of petals which in this case are stunningly edged with white. It first caught my eye at Chelsea 10 years ago and has been a delight ever since.

My next suggestion is still not taken seriously. You can see proof that it will work in overgrown town gardens or in former gardens for vegetables and cut flowers. Old, neglected plants of the Apothecary Paeony, Officialis rosea plena, can sometimes be found there growing wild in ancient neglect among rough grass. Will they not do the same in your garden? Meadow gardening will still stick with British wild flowers and modern weeds from seeds: actually, something as solid as this herbaceous paeony will

grow freely in moderately rough grass if you clear a space for it in its first two years.

I first realised this trick when reading William Robinson's *Wild Garden*: he showed an example of it in a wood-cut in 1870. We then tried some plants on the edge of an overgrown orchard where they flowered happily and did not even mind when their tops were mown off in late July. It would be mad to try the finer varieties, but Kelways do also comment on a paeony-variety which is ignored, but attractive to wild gardeners: the plants, they assure us, are totally immune to rabbits.

None of these varieties is a true Tree Paeony, plants which are lovely but sometimes slow to settle down. A year or two ago, the proprietor of Kelways told me at Chelsea that he could not really think why people bought the heavily-double yellow Tree Paeony with such keenness: he had always thought it second-rate. I would not disagree, but last weekend I did see the real wonder in this branch of the tribe, an old yellow form called L'esperance. Nobody, I fear, sells it, but it makes the other one, *Maxima*, look vulgar.

We begin with some of the species and an eye-catcher. In a long border, I like this style of planting: it ignores the groups and clumps which text books draw out for borders and it merely repeats one thing with a strong clear colour at intervals down the bed. If it is strong enough, it draws the eye down the border's length and gives it unity. Alternatively, you can use the same trick round the three sides of a rectangular back garden which has flower beds under each boundary.

As an early eye-catcher, one to consider is *Paeony Lobata Pergrina* (or *Fire King*). Its single flowers are a bright cherry red and stand out surprisingly among whites and blues. It seems very obliging, but it relies on attention to the paeony's one little obstinacy: if you plant any of these forms too deeply, they are very reluctant to flower: they need no more than an inch or two of above-ground growth, but otherwise they will not catch the eye or the imagination, but they will sulk and disappoint you.



Toyota's luxury Lexus LS400: Rolls-Royce standards of refinement at volume production prices

## Red carpet treatment for the new prince of luxury cars

IF YOU THINK there is something about the Toyota Lexus LS400 that reminds you of a Mercedes 5-Class and a BMW 7-Series, with some touches of Jaguar inside, you are absolutely right.

When Eiji Toyoda, chairman of the Toyota Motor Corporation, challenged his executives in August 1983 to create the world's finest luxury performance saloon, he - and they - knew which cars it would have to beat: Mercedes, BMW and Jaguar, in that order.

What they came up with, six years and Heaven only knows how many hundreds of millions of pounds later, was a completely original car that managed to capture the essential qualities of its three rivals.

It is as solid as a Mercedes 420SE, as smoothly sporting as a BMW 735iSE, as elegant as a Jaguar Sovereign 4-litre. The only thing it lacks is their charisma and social status. Like the patina on a period piece, this takes time to acquire. But, so good is the Lexus LS400, I doubt that it will take long.

It seems almost incidental that at \$24,250, it is considerably cheaper than any of the competition when similarly equipped. Having driven it quite extensively on road and track and seen it being made and tested, I think it is actually better in some respects, regardless of price.

For example, Lexus has the lowest aerodynamic drag in its class. I know of no car that achieves a drag coefficient of 0.30, but Lexus does so effectively. It is unbelievably

quiet. Slip a disc into the superb seven-speaker stereo radio/cassette player and wait along the autobahn in air conditioned comfort at a relaxed 120 mph (193 km/h). Even in the softest passages, you will hear every note. Only when speed nears the 150 mph (241 km/h) maximum does the sound of air rushing over the car intrude. Unless Lexus owners go on the autobahn - or risk

**Stuart Marshall on the Toyota Lexus LS400**

heavy fines and disqualifications in the UK - they will never hear more than a whisper of wind noise.

How can the Lexus be made with Rolls-Royce refinement but sell at a price reflecting production at a rate of 5,500 a month? I suppose the answer is that if you throw in enough resources, both human and technological, and have apparently unlimited funds, anything becomes possible.

Before the first Lexus prototype was made, 24 engineering teams - in all, 1,400 engineers, 2,300 technicians and 220 support workers - are said to have been put on the project. A total of 973 prototype engines and 450 test cars were built before Ichiro Suzuki, chief engineer, was satisfied.

The Lexus LS400 is a big car: at 16 ft 4 in (4935 mm) overall it is longer than a BMW 750i, just an inch or two shorter than a

Mercedes 420SE. A 4-litre, 32-valve, 241 hp V8 engine with exhaust catalyser drives the rear wheels through a 4-speed automatic transmission with an overdrive top.

It has conventional steel sprung, all-independent suspension; ventilated disc brakes with ABS; rack and pinion steering with speed-sensitive power assistance.

When you slide on to the soft leather driving seat, touch a lever to power-adjust the steering wheel for angle and reach and flip the ignition key, you begin to appreciate what the Lexus development team achieved. You can't hear the engine and you won't hear it until you get clear of the traffic and put your foot down. Even then, there is no more than a muted hum as the rev counter needle swings round to a vibrant 5,000 rpm under hard acceleration.

At 120 mph (193 km/h) the needle flicks back as the transmission shifts silkily into overdrive top and the engine speed drops to 3,500 rpm.

On winding roads in the Black Forest in West Germany, where I drove the Lexus a few weeks ago, I thought it combined the urbanity of a chairman's limousine with the quick responses and secure handling of a sports car.

What else can one say of the Lexus without appearing to overdo the use of superlatives? The instruments - cold cathode-lit white figures on plain black dials - are models of clarity. The driving seat is heated, power-adjusted and has a two-position memory. Go

from one position to the other and the headrest, steering wheel height, setting of the outside mirrors and even the seat belt top anchorage change in sympathy.

I found no mention of Toyota anywhere on the Lexus. In the US it is sold as a completely separate marque but in Britain it is being handled by 85 special Lexus dealerships within the Toyota network. Owners are promised red carpet treatment by dedicated technicians. There will be home or office collection and delivery of cars in for servicing.

Since the Lexus went on sale in the US last September and in Japan two months later it has been chosen US Imported car of the Year and Japan Car of the Year. Britain is the second European country to get it - the first was Switzerland in March. Only 700 will be available in the UK this year and 1,000 in 1991. Many of those 700 have been ordered in advance by owners of cars ranging from Rolls-Royces downwards on the strength of favourable press comment. I can't think that they will be disappointed.

If you take into account value for money as well as standards of refinement and luxury, the Lexus has no rival. However, Mercedes will launch a counter attack next March. The replacement for the venerable Mercedes S-Class cars, still regarded as a benchmark for luxury executive saloons, will be unveiled at the 1991 Geneva Show. It won't compete with the Lexus LS400 on price, but one can be confident it will on everything else.

## A breeder of floral perfection

Arthur Hellyer remembers Jan de Graaf, creator of beautiful lilies

I READ with sadness in the March Newsletter of the Royal Horticultural Society Lily Group that Jan de Graaf, the great lily breeder and grower, had died. He had retired from the horticultural industry more than 20 years ago but John Hayward, editor of the Lily Group Newsletter, rightly regards him as the man who more than any other put lilies where they are today in the gardening world.

I first met Jan de Graaf in June 1981 when he picked me up at Portland airport and drove me the few miles to his 1,000-acre Oregon Bulb Farm at Gresham, Oregon, US. The site is magnificent, straddling the conference of the Bull Run River and the Sandy River, and Jan built his beautiful house on the very edge of the deep canyon in which the two rivers meet. You could look right down into it through the trees and be delighted by the rush and tumble of the water.

From some parts of the farm, including the long trial beds in which the new lilies were assessed, it was possible to see for 30 miles or so across the Oregon forests to the conical, snow-capped peak of Mount Hood. Later that June day Jan drove me to the ski lift at the foot of the snow cap so that I could enjoy the view and see the beautiful wild flowers that grew in the woods.

Jan de Graaf, a Dutchman, had been sent as a young man to Oregon to clear up a business matter for his father. He ended up taking over the business and settling in the US for life. He was charming, cultured and had an elegant view of the world, the theatre and books.

The techniques he had perfected for much of his lily breeding were to raise huge numbers of seedlings, both from species fertilised with their own pollen and with that of any other species with which they were compatible. He would then search among the offspring for clones from which he could produce true breeding strains, so keeping virus infection at bay and securing hybrid vigour.

He relied quite heavily on expert employees in whose judgement he had faith to select the breeding clones. Harold Coomber, whose father James had been the famous head gardener in the Messell Garden at Nymans Handcross, West Sussex, had been working in this capacity for de Graaf to select the breeding clones. In 1961, when de Graaf was 60, he had just left at the time of de Graaf's death. John Bryan, a prizewinning student from the Royal Horticultural Society Garden at Wisley, Surrey, had been with de Graaf for many years. Both seemed well pleased with the arrangement, but Jan spoke of himself and his manager, Earl N. Hornback, a tall, reserved but very alert man, as the main originators and breeders. He also said that Hornback had the artist's touch and that he had picked out the best parents.

Despite the virus threat Jan de Graaf was, at this period, thinking of propagating some of his new varieties vegetatively and giving each a name. He had been sent as a young man to Oregon to clear up a business matter for his father. He ended up taking over the business and settling in the US for life. He was charming, cultured and had an elegant view of the world, the theatre and books.

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are not a great many of them and the total demand they create cannot be very impressive. The potentially huge market that exists for lilies is for beautiful but easily grown and reliable varieties. That was made clear with the arrival of the mid-century hybrids. The paragon was *Enchantment*, Destiny, Harmony and other lilies that appeared very vigorous, but I cannot recollect having seen them in British gardens, nor can I find them listed.

In 1968 Jan de Graaf wrote to me that he was selling his lily bulbs to the Royal Horticultural Society and that he and his wife were planning to live in New York. I wonder whether he had already sensed that his great adventure with lilies was not going to succeed, largely because of the impossibility of creating at sufficient pace the huge market required to support his new owners soon changed course, at first concentrating on lilies for the cut flower trade and now having abandoned lilies altogether.

However, the work that Jan de Graaf started will be continued. It has opened many new horizons and has left some warnings - of which perhaps the most important is that the interest in the Oregon Bulb Farm and that he and his wife were planning to live in New York. I wonder whether he had already sensed that his great adventure with lilies was not going to succeed, largely because of the impossibility of creating at sufficient pace the huge market required to support his new owners soon changed course, at first concentrating on lilies for the cut flower trade and now having abandoned lilies altogether.

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a strange decision for Britain, where *Lilium maritima* is so abundant that it is included in British flora.

I remember being especially pleased in the Oregon Bulb Farm trial beds by the Paisley Strain, made by crossing the white variety of *Lilium maritima* with selected plants of *L. longiflorum*. The garden name was chosen because the flowers displayed some of the lovely colours of paisley shawls. All had the characteristic dangling martagon flowers with long, slender petals and appeared very vigorous, but I cannot recollect having seen them in British gardens, nor can I find them listed.

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## BRIDGE

four spades closed the auction. West led the two of clubs and South considered his chances. He had one loser in hearts and one in clubs. Provided that he could pick up one spade honour by finesse, all seemed plain sailing. Dummy's club queen was played, the ace won, and East returned the 10 of diamonds. Taking with dummy's queen, the declarer led back the eight of spades, intending to run it, but the king was played by East. South took with his ace, and followed with the knave. This was taken by the queen,

and East played his eight of diamonds to dummy's king. Suddenly the whole picture changed - the declarer could not cross to his hand to draw the last trump. He played king of hearts, West took, and the diamond switch enabled his partner to ruff and defeat the contract.

South had not spotted the danger which threatened. Had he examined the position more deeply, he would have avoided the disaster. At trick four, after winning East's spade king, South should lead a heart. West wins, and leads another diamond, but now when East wins with his spade queen and returns a club to the king, South can cash the heart queen, and ruff his way back to his hand to draw East's trump, and claim his contract. We turn to an old Olympic hand:

N  
♦ 7  
♦ 10 7 4 3  
♦ K 8 5 4  
♦ K Q J

W  
♦ 9 8 5 4 3  
♦ 6  
♦ Q J 10 7  
♦ 5 2

E  
♦ K J 9 5  
♦ A 8 3 2  
♦ A 6 4 3

S  
♦ A K Q J 10 2  
♦ A 8 2  
♦ 10 9 8 7

With North-South vulnerable, South dealt and bid one spade. North replied with one no trump, and South's four spades closed the auction.

West opened with the queen of diamonds, South ruffed, and cashed ace and king of spades, East showing out on the second round.

The declarer switched to clubs, East withheld his ace for one round, won the second club, and returned a club for West to ruff. This put declarer one down - he had two heart losers.

I cannot forgive a declarer for failing to make the contract as it occurred in an Olympic contest.

He should realise at once that trumps must be breaking 5:1. When this is confirmed after two rounds, he plays queen, knave, 10 of spades, and discards dummy's three club honours. Then he leads the 10 of clubs. East wins and cashes his diamond ace, then switches to a heart. Declarer wins with his ace, and runs his three clubs for contract.

If West holds the club ace, he can lead his diamond knave, and the defence score two tricks. South throwing his two heart losers. Again the contract is delivered.

E. P. C. Cotter

## CHESS

AN UNUSUAL king's side opening worth the attention of amateur chessplayers is the Scotch Game 1 e4 e5 2 Nf3 Nc6 3 d4 exd4 4 Nxd4, together with its variant 3 Nc3 Nf6 4 d4. The Scotch Four Knights Variation has published an excellent guide to this opening written by George Botterill and Tim Harding, and the Scotch has a small but devoted band of postal and over-the-board adherents.

The opening takes its name from a postal match between Edinburgh and London in the 1820s, and its durability stems from its solid strategic base. White has a pawn at d4 giving more space than Black's pawn at d5, while the resulting positions can lead to lively tactical chess with scope for innovation. Naturally this works both ways, and an attempted revival of the variation 3 d4 exd4 4 Nf3 Nf6 5 Nc6 bxc6 6 e5 was halted a few years ago when Karpov won brilliantly against Timman with the black pieces.

This week's game is an example of the older form of the Scotch Game 3 Nc3, currently less in vogue, but whose complex tactics give White possibilities of an early victory against lesser opposition.

White: Polovodin. Black: Rutman. Scotch Four Knights (Leningrad 1979). 1 e4 e5 2 Nf3 Nc6 3 Nc3. I used to recommend the dashing Goring Gambit 3 d4 exd4 4 c3, which gives many attacking chances but unfortunately has one strong defence: 4... dxc3 5 Bc4 cxb2 6 Bxb2 d5 when if 7 Qb3 Qd7 and Black gains time by the positional threat of Na5.

3... Nf6 4 d4 Bb4. After 4... exd4 5 Nxd4 is solid but dull, while 5 Nd5 is the enterprising Belgrade Gambit, best met by the surprising 5... Nbd4.

5 Nxe5 Nxe4. If instead 5... Qe7 then 6 Qd3 Nxe5 7 dxe5 Qxe8 8 Bb2 O-O 9 O-O Bxc3 10 Bxc3 Qf4+ (Qxe4 11 Qe3) 11 Rd2 favours White since 11... Nxe4? fails to 12 Qd4.

6 Qe4 Nxc3 7 Qxg7. A capture which revives memories of an embarrassing moment in this writer's playing career. It was the second game of the Barden v Phillips playoff match for the 1964 British Championship,

and after drawing the first game with the black pieces I decided to prepare a sharp opening and go for the full point. We played in evenings at the old National Chess Centre near Liverpool Street, so the morning and afternoon were spent in pre-game homework on the Scotch.

Arriving at the board, Black gruffly walked into the prepared line, but at this point White suffered total amnesia about the move order. Ad 7 a3 came first, or was it 7 Qxg7? White analysed, tossed a mental coin, made the wrong choice, and Black had a much superior position.

What then saved the day was Covent Garden. While White was agonising between two moves, Black was remembering two opera tickets in his pocket and the companion who would be disappointed; his twin loves of chess and music invariably battled, music won and he proposed a draw which White eagerly accepted.

An interesting but dubious tactical coup. Black may have to fall back on 8... Bc5 9 Nxc6 dxc6 10 Qe5+ Qe7 11 Qxe7+ Kxe7 12 Bd2 Bf5 13 Bd3 when

White has an extra endgame pawn but a win is technically difficult.

9 a3 Bxc3+ 10 Kd2 Nxa1 11 Kxc3 a5. Batsford Chess Openings, the bible for match players in a hurry, calls this position unclear, but White can sidestep 12 bxa5? c5.

12 Bc4 a3b4+ 13 Kd2 d5 14 Bb5 c6. An interesting try is 14... Ke7 15 Kd1 Kd6 but then 16 Nd3! threatens 17 Bf4+ and Black's king is unable to escape.

15 Re1 Bc5 16 Nxc6 bxc6 17 Rxc6+ 1 Kd7. If 17... fxe5 18 Bxc6+ forces mate.

18 Rxc6 Qe7 19 Kd1 Rxb2 20 Bf4 Resigns. If Rxb5 21 Rc7+ wins. Next month's NatWest British Rapid Championship at Leeds offers a rare opportunity for ambitious but busy players who would like to take on the country's leading masters over a weekend. The open event on 7-8 July comprises 11 rounds, on the clock, for a prize fund of £10,000. Several of the England team who beat the Russians in Reykjavik are likely to com-

pete. There are also subsidiary, grading-limited tournaments restricted to weaker players. For details, call Nick Nixon on 0532-697369 or write to British Rapid Chess, 19 Wellington Street, Leeds.

PROBLEM No. 825  
BLACK 4 MEN

WHITE 3 MEN  
A curious puzzle by Sir Jeremy Morse, chairman of Lloyds Bank (British Chess Magazine, 1970). It is a "series help-mate in four" which, translated, means that white remains stationary while Black plays four consecutive moves to reach a position where White can then checkmate in one. Harder than it looks! It took me half an hour to solve.

Solution Page XXIII  
Leonard Barden

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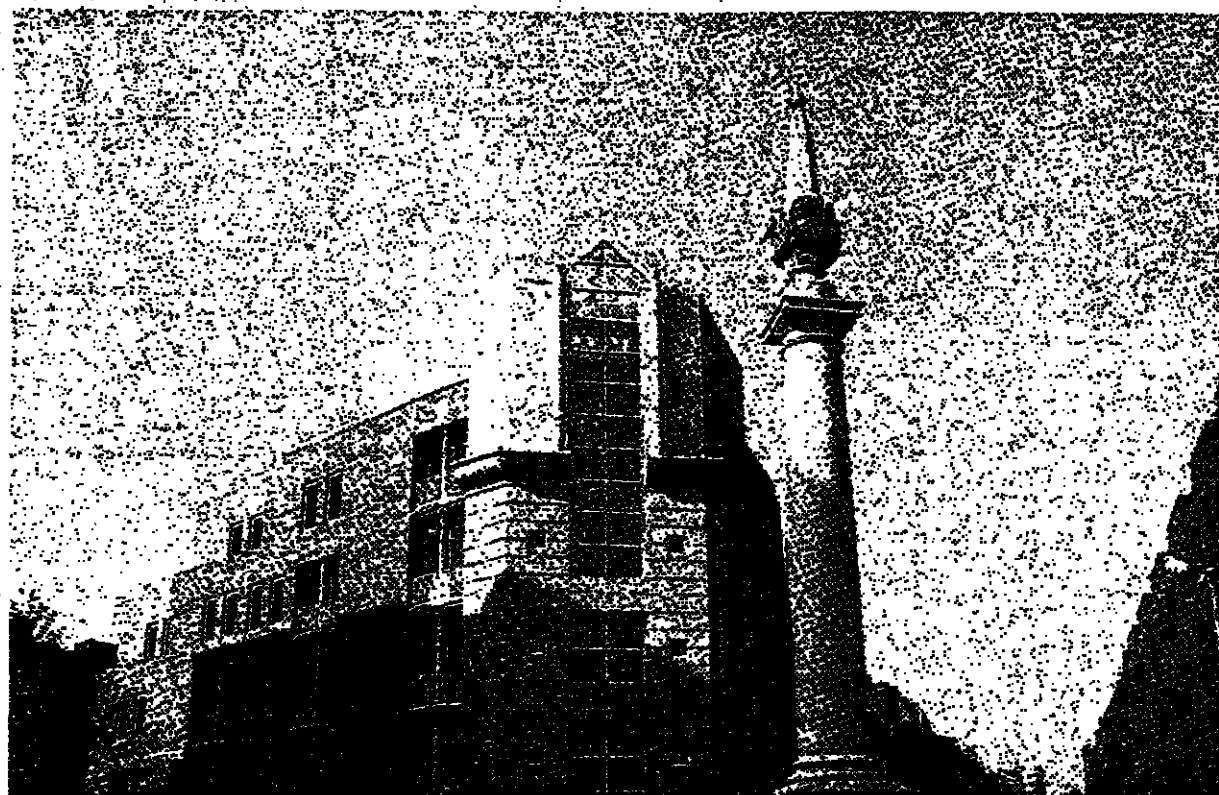
## ANCIENT OAK CONSTRUCTION



# Property

## Inigo Jones's barnyard

John Brennan considers Covent Garden's past and present



Fielding Court at Seven Dials, Covent Garden, where one-bedroom flats are priced from £140,000

KING CHARLES I, like his contemporary Royal namesake, had strong views about urban planning. The King liked orderly development, and planning gain, preferably in cash. Charles I set up in 1625 the Commission for Buildings. Its directors included Inigo Jones. The creation of Covent Garden - so called because today's Drury Lane formed the path to the 11th-century Convent of St Paul - provided the first formal expression of the King's particular interests in the appearance of "his" capital.

The site was part of the land behind the fourth Earl of Bedford's vast town house in the Strand. The third Earl had already carried out commercially successful housing developments for rent along Drury Lane and into Long Acre. But these properties had been built without the Royal permission necessary for any additional building. To add to the estate, the new Earl had to pay the King £2,000 for a personal licence and agree to build on a scale and in a style dictated by the King's clear suggestion that Jones be appointed architect to the scheme.

The result was the Piazza, with 18 houses on the north and east sides, each with gardens, coach house and stables at the rear. The walls of the garden of Bedford House itself provided the southern boundary of the open square, with the Church of St Paul's on the west. The Earl of Bedford did ask Inigo Jones to produce designs for a cheap, plain church, "not much more than a barn." Jones replied that the Earl should have his way, but that he should also have "the handsomest barn in Europe." The cost of St Paul's came to £4,886 5s. 8d. - more than twice the provisioned budget.

Despite the expense, the Earl was not displeased with the commercial outcome. Houses rented initially for around £160 a year on short leaseholds. Nor was the King displeased. Covent Garden provided an example of symmetrical estate planning with regular terraced properties that was to be a model for development in the capital thereafter.

Inigo Jones's square lost its prime residential status as the original buildings aged, and as the area came to be used as a focal point for fruit and vegetable sales. Milords of the Bedford family, ever conscious of the development possibilities of their land, decided to capitalise on the appeal to the traders of this central open space. In 1828 the then Duke of Bedford commissioned architect

Charles Flower to create the market buildings in the square that stand today. Once more Covent Garden acted as an architectural showcase. The fruit and vegetable market building was the first substantial purpose-built structure of its kind in the country and acted as a model for similar town-centre markets elsewhere.

A century and a half's wear and tear left the 100 acres of Covent Garden a perfect target for the interventionist planners of the 1960s. With just as much enthusiasm and conviction about the need to modernise the capital as Charles I, the initiators of the 1969 Greater London Council's Comprehensive Development Plan proposed a total reshaping of the area following the decision to move the

fruit and vegetable market south of the river to Nine Elms.

After more than 20 years of subsequent planning battles it is easy to forget that the initial proposals would have meant clearing and rebuilding more than 60 per cent of the whole area around a new road network. Instead, Covent Garden has been spared. Purist preservationists regard what has been done as a compromise, but the average visitor clearly enjoys the human scale of the buildings.

Restaurants and coffee bars are either cheap or quite expensive. The niche-market divisions of retail chains outnumber individual fashion shops. Grocers' shops have become delicatessens. At the same time, the cheap, small offices that used to be found

above the shops have been cleaned up and priced out of reach of start-up enterprises. They have made way for design and location-conscious businesses drawn to the image of Covent Garden as a "trendy" area.

There are some 1,000 homes in Covent Garden, more than half of them council properties. Some of these are still on low fixed council rents and represent the best value in Central London. It's a special market, one that has been largely insulated from the slow-down in sales elsewhere in the capital. It's a place for business people's tastes, rock solid rentals, and homes as close to a visitor's idea of the very centre of London as you can get. Houses are an extreme rarity. E A Shaw and Partners

(071.240.2255) have two of the half dozen remaining freehold houses in the area on their books at the moment. Twenty-seven Mercer Street, WC2, a four-bedroom 17th-century town house restored as part of Terry Farrell's award-winning Comyns Ching Triangle refurbishment scheme, is priced by Shaw and joint agents Savills (071.730.0822) at £550,000. A three-year corporate rental at £600 a week reflects the investment appeal of the property. In nearby Tower Court, E A Shaw have another 17th-century terraced house available for an asking rent of £750 a week, or for sale freehold at £530,000.

The roofs of Tower Court form part of the foreground view from the top terrace of the latest residential scheme to be released in the area. Taylor Woodrow Capital developments' 15-flat Fielding Court is nearing completion on the southern corner of the Seven Dials junction. Architects Scott Brownrigg & Turner designed an interesting, stone-clad classical, stepped-back building that makes an effective partner for Terry Farrell's corner-building design across the street.

As it happens, they have turned in a particularly cheerful set of flats. The corner site allows each flat a far greater amount of light, and a better view of the street action below, than in most of the central terrace developments in the area. Prices rise as you go up the building, but as a guide the 125-year leases on the 462 sq ft one-bedroom flats are priced from £140,000 and the 713 sq ft two-bedroom flats at around £250,000.

The star apartments are those in the prow of the development overlooking Seven Dials junction itself. The 1,000 sq ft fourth and fifth floor penthouses, priced at £375,000, give a spiral stair view through floor to raised ceiling windows down on to the newly replaced Seven Dials monument and out over the whole area.

Covent Garden is a sufficiently contained market to have distinctive price patterns. One-bedroom apartments sell in a range from just over £100,000 to around £150,000. Two-bedroom flats range up from that to quarter of a million pounds or so. Bradley & Eckhardt (071.457.2571) have, as an example, a two-bedroom flat at 8 Floral Street for £150,000, while the energetic E A Shaw recently sold a generous-sized two-bedroom ex-council maisonette at Seven Dials Court for £232,500.

## Estate agents lie low over global warming

**A**MID ALL the talk of the greenhouse effect is to be found a particular problem for estate agents in the more low lying parts of the UK: that of allaying fears among purchasers of inundation by rising sea levels.

A glance at the Ordnance Survey map suggests that East Anglia is particularly at risk. The Norfolk Broads are at current sea level while areas south of the Wash are well below the embankments of the rivers into which their ground water is pumped in order to keep it fit for agriculture, and indeed habitation.

The current tidal wave - if that is not an indecible term - of concern comes with particularly unfortunate timing to a property market already in free-fall after the spectacular increases of 1987/88.

But the risk in fact is minimal, as a look at the Dutch precedent shows. Large areas of the Netherlands are already well below sea level, indeed have been reclaimed and defended from the sea for many years.

The Dutch long ago showed that modern engineering with sufficient funding is up to the task, and should sea levels rise this will apply as much to East Anglia as to the Dutch Polders, notwithstanding the additional geological fact that the south eastern quarter of the UK is sinking while the north west is rising.

The Fens, of course, are also reclaimed land. In Norman times, before the sluices and drains and dykes, the Isle of Ely, now 30 miles from the sea, was indeed an island - surrounded if not by open water then by marshes through

which ran many waterways giving direct access to the Wash.

Some locals greet the prospect of a return to the status quo with some ambivalence, even jocularity. "My lot were farmers before that Hereford were awake," said one farmer. "Only money I made were from this mad cow disease but that won't last for ever. Bit of fish farming might be a better bet, even if mad haddock disease don't have quite the same ring about it."

Despite the old jokes about sinking funds and less-than-floating assets, there is little evidence that climatic change is yet an issue among incoming house buyers, though most estate agents can of course be expected to play the whole thing down. Certainly their reaction to the question could be summed up by one from Downham Market who simply said: "You're winding me up, aren't you?"

Nevertheless, some subtle contingencies are apparent at grass roots level.

The prospect of higher wind speeds has prompted new interest in windmills for energy efficient water pumping, while in areas where years of such pumping has already caused soil shrinkage to lower individual fields below adjacent roads, experiments with varieties of temperate rice are under way in anticipation of greater precipitation.

Fenland gardeners, meanwhile, have for some time been training runner beans up fishing nets, while small parcels of agricultural land are once again, dealt with in rods, poles and perches.

John Worrall

20 Hanover Square  
London W1R 0AH

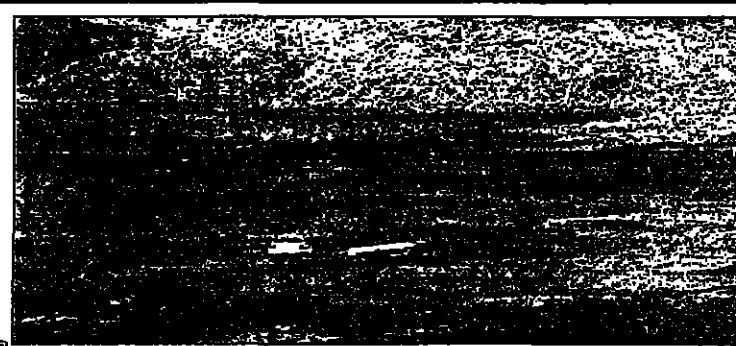
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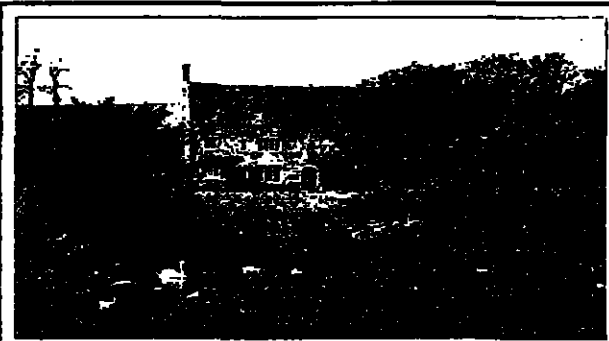
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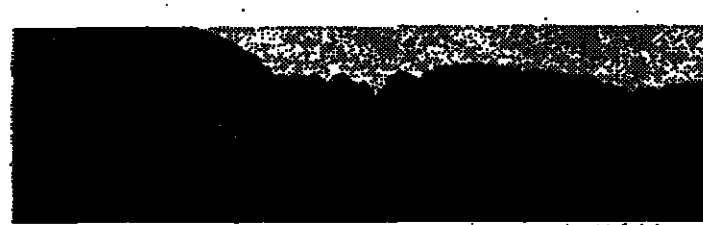
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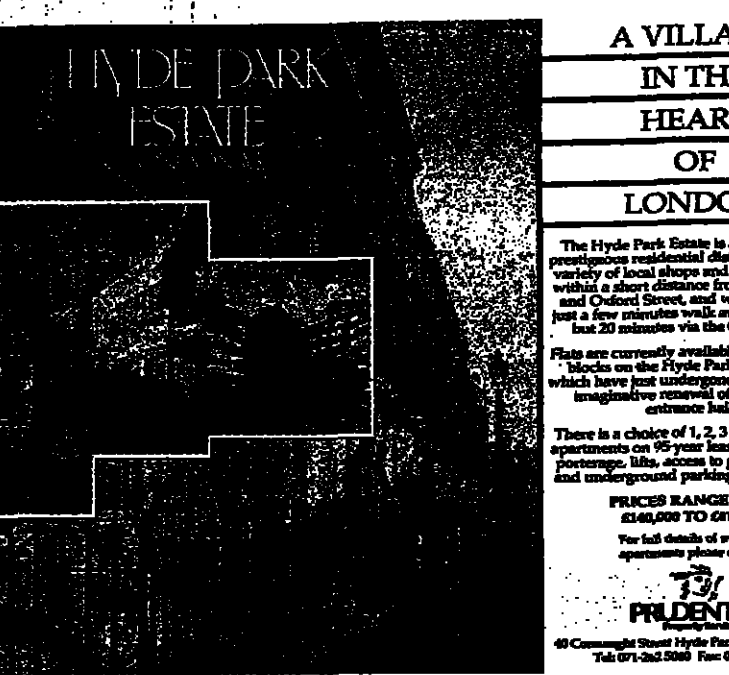
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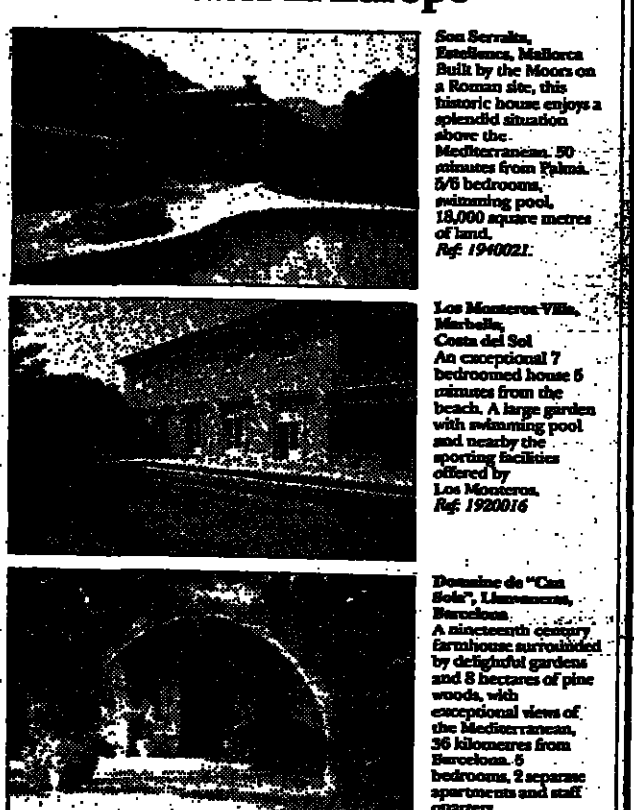
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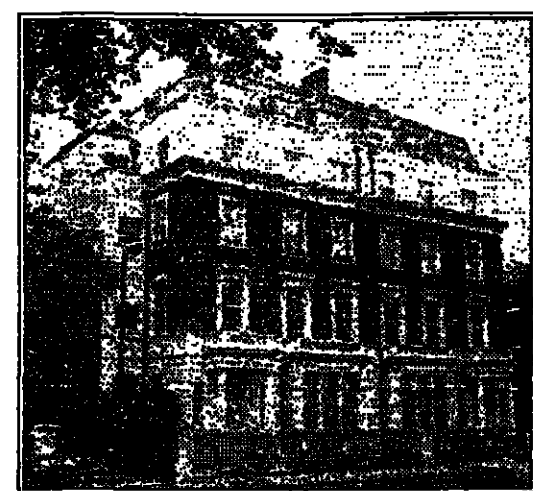
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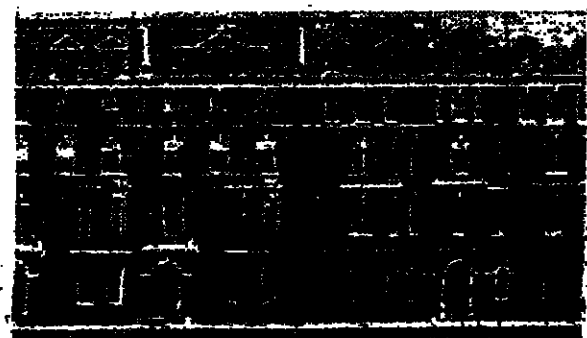
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# Malta in Focus

TRAVEL

*There are some odd things about Malta. For example, its national dish appears to be egg and chips. The Maltese have no wish to escape their past altogether, but their island is becoming less isolated and a little bit more like the rest of the modern world. Reports on this page and the next by Nicholas Woodsworth*

## Old Empires never die, they just fade away

**I**N STRAIGHT STREET, the once-infamous Valletta alley known to sailors of the Royal Navy as the Gut, the girls have all gone. Where perfume once drifted through open doorways there is now nothing but darkness and the reek of cats. The Old Vic Dance Hall is silent, the tattoo parlour padlocked and the Union Jack and a score of bars and brothels like it boarded up. Empire has not altogether died in Malta, however; it is merely fading away.

On Sunday mornings middle-class remnants of it can be found at St Andrew's Scots Church, just one block away on Old Bakery Street. Here, in an atmosphere of reformed-church austerity unknown anywhere else on this Roman Catholic island, the Rev Colin Westmarland, officiating chaplain, RN, administers to a dwindling congregation of silver-haired men and women.

Retired and ageing they may be. But their military bearing as they rise to sing Psalm 136 from the Union Church of Scotland Hymnal, *Praise God for he is kind, His mercy lasts for aye*, is unmistakable. Not even the hard wooden pews have backs as unbending.

Also unmistakable in the air is the sentiment that, regardless of the recent past, Malta remains somehow British. Independence may have come in 1964 and Britain may have finally lost Malta as a naval and military base a decade ago. But if the island is no longer a sunny outpost of empire, a connection with Britain that lasted 120 years makes it at least a sunny outpost of Englishness where Britons still feel the right to feel at home. For the 2,000 British expatriate residents on the island, living on Malta does not mean adopting local habits or a Mediterranean way of life. On the contrary, the attitudes of the colonial age still seem to prevail.

"One of the most important things about living in Malta," affirms Leslie Powell, vice-chairman of the British Resident's Association, "is that we can live exactly as we do in England. Of course we come here because the taxes are low, the help is cheap, and there's more sunshine than in England. You could say the same of Spain, but where in Spain can you walk into a shop and not have to bother with a foreign language? The Queen is still our Queen, and there's no reason not to speak her English."

Not all expatriates in Malta carry on



Good Friday on Malta: the Catholic Church remains a pillar of popular culture, and still tends towards authoritarianism, absolutism and intolerance

like Colonel Blimps on the loose in gin-and-tonsic-land, but many do. A large proportion are retired not-so-senior officers whose fixed pensions wouldn't go as far in equally sunny, more expensive parts of the world. But they are happy in each other's company. "Malta for me is the nearest thing to being in the service without being in the service," says Graham Browne, formerly of the Malta Brigade and now trea-

surer of the Malta branch of the British Legion.

Other expatriates are retired civil servants, refugees from the now vanished colonial administrations of Asia and Africa. Like the ageing soldiers, they too are part of a world that is fast disappearing even in Malta, except perhaps at the Union Club.

The club, long the unofficial headquar-

ters of the British community, is today not quite as exclusive as it used to be; at one point King Edward VII and his brother, the Duke of Cornwall, Admiral of the Mediterranean Fleet, both resigned from the club in protest when Sir Adrian Dingli, the most prominent Maltese of the time, was refused entry by local members. The club is still thick with ex-colonels and majors, and if they don't insist on the

etiquette of the proper use of rank and title, their wives will.

The Union Club offers tennis, billiards, darts, dining, tombolas, gala soirees and endless rounds of G&T. The most popular activity by far, however, is bridge. "I'm afraid that after a few years it can become an obsession with many of us, especially the wives," laments Rose Powell, who assists her husband by putting out the

BRA newsletter. "It starts early in the morning and goes on all day. It isn't healthy."

But it is not bridge that finally will do in the expatriate community; it is old age. A decade ago there were more than double the present number of British residents in Malta. Some left because of uncertainty about the socialist Minto Government. "But many of the chaplains," says Captain Browne, "have simply fallen off their perch." While new residents do trickle in, Britons buying houses in Malta these days use them mainly as holiday homes. Inevitably the original "sixpenny settlers" - retirees who came out in the sixties and seventies and paid taxes of sixpence in the pound - are a disappearing breed.

What is not disappearing, to the regret of some Maltese, is the British package tourist. When Britain's use of the island as a naval base was terminated, the Government's response to a declining economy and rising unemployment was the full exploitation of Malta's only resources: sea and sun. Mass tourism became Malta's salvation, but some wonder if the money earned - a week in Malta, airfare included, can cost as little as £130 - is worth the price.

Today, more than 750,000 tourists invade Malta each year, a number more than twice the size of the population. Almost two-thirds of them are British. The type of tourism many of them go in for - "cheap and nasty," as one hotel owner puts it - has given them a boorish reputation. "You just don't see French or German tourists walking tattooed and shirtless down our main streets," he says. "The English aren't interested in our history, our churches or our archaeology. It's the inexpensive beer and cigarettes they like."

British children also like Malta's Splash and Fun theme park with its go-kart track and 18-foot red cement dinosaurs. And at the Outpost Snack Bar near Valletta's military museum, older Britons are enticed into remembering Malta's wartime pounding with the help of an artillery post decor, plates of cold eggs and chips, and frequent repetitions of Vera Lynn's *When the Lights Come on Again* all over the world...

Nicholas Woodsworth travelled c/o Air Malta. His hotel stays were arranged by the Malta National Tourist Office, Mappin House, 4 Winsley St, London W1N 7AR (tel: 071-323-0506).

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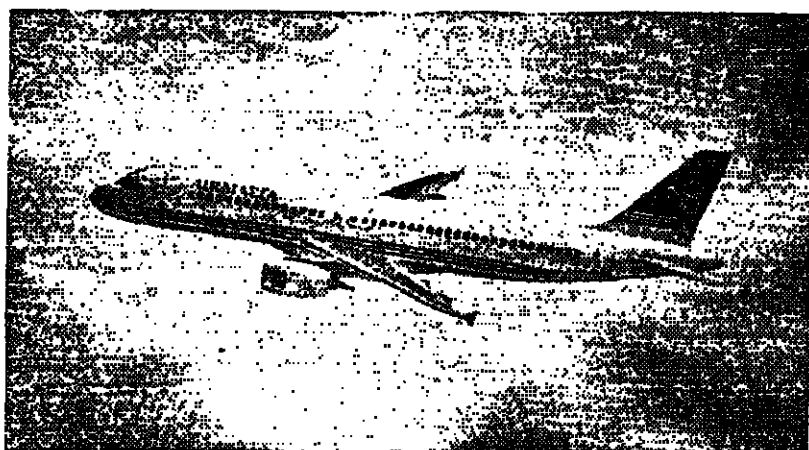
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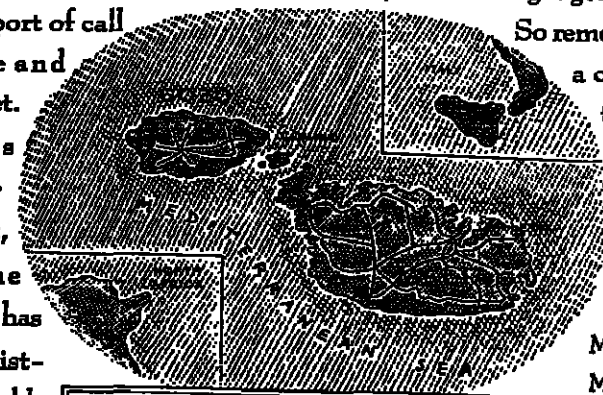
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*John, in 1985*



## MALTA IN FOCUS

**S**UCH IS the oddness of Malta that even the least observant tourist there must from time to time pose himself some sticky questions.

How, for example, can islands with such comfortable place names as St Julian's, Birkirkara, and Victoria at the same time accommodate towns like Xgħara, Mgħaba, and Xewkija? How is it that the Maltese, who live in what must be the plainest box-shaped houses ever built, are surrounded by some of the most elegant baroque churches in Europe? And why, in the very heart of the fishy, garlic-loving Mediterranean, does the national dish appear to be egg and chips?

The answers to all these questions can be found by looking into Malta's history and national identity. But be warned: this is not a task to be lightly undertaken one afternoon at the beach. Malta's past is long and complicated, and while the guide books list 5,000 years' worth of invasion and occupation, few address the question of what the Maltese are really all about.

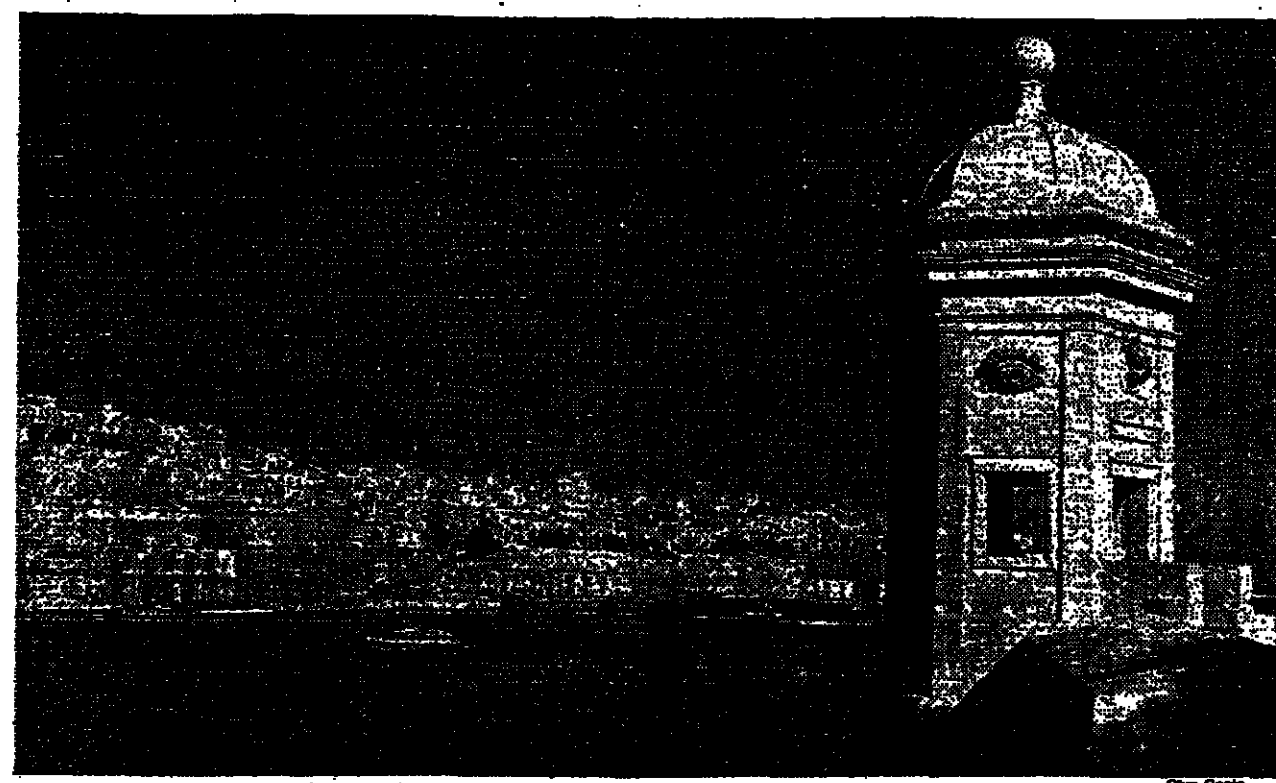
For that you have to inquire of the Maltese themselves. They might be startled. Most tourists on the island, at least those of the British package variety, ask little of the locals but fast service could bear, they then go away complaining that the Maltese are merely a nation of waiters. Ask a few questions about the past, and you'd be surprised at what goes on besides waiting. Malta's politics, religion, architecture, social customs, economy and even its cuisine are all closely linked to its very special history.

Downed sometime have existed on Malta since 3,000 BC, when Maltese architects were using sophisticated engineering techniques to erect megalithic buildings for a ruling class of temple priests. But since then Malta has paid the price for its strategic position in the narrow stretch of sea where the eastern and western basins of the Mediterranean meet. As civilisations and cultures have swept back and forth, Malta has rarely been left alone.

In the two millennia before Christ it was invaded twice by Bronze Age people, colonised by the Phoenicians, ruled by the Carthaginians and incorporated into the Roman empire. In the Christian era the island was dominated by the Byzantines for four centuries and subjugated by the Arabs for another three — hence the semitic language and place names in Malta today.

Over the following 400 years it passed through Norman, Swabian, Angevin, Castilian and Aragonese hands. From the mid-15th to 1793 it was the fortress headquarters of the martial knights of the Order of St John — this was the period of its baroque architectural glory. Napoleon held it for two short years, and the British, who used it as a strategic naval base, for 164, more than enough time to habituate the island to egg and chips.

Three thousand years of rule by foreign powers has not only left its physical traces, but has inevitably affected the Maltese character. Not surprisingly, it has generated a noticeable "we and



The Grand Harbour Looking towards Valletta

## A place of face-to-face relationships

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they" attitude, a polarisation of behaviour affecting all aspects of life.

Why this should be so is explained by Henry Frendo, one of the island's best-known historians. He suggests three factors contributing to the character of the Maltese. The most elemental is simply the size and nature of the island itself. "Malta is without earth, without water, it is tiny and there is no place to hide," he says. "In a place of such small dimensions, we necessarily have direct, face-to-face relations. Our instincts of hostility are exacerbated in these relations by competition for territory limited resources."

The Roman Catholic church on Malta has also played a role. It continues to dominate public life to an extent found in few other places. Without having undergone any kind of reformation of the sort that took place in the rest of Catholic Europe, Dr Frendo maintains that it still tends towards authoritarianism, absolutism and intolerance.

But it was Britain's relationship with Malta that has perhaps contributed most to the polarised nature of the Maltese. As Joseph Chamberlain, the Liberal politician, indicated to the British

Parliament in 1902, Britain's control of Malta was absolute. "We hold Malta solely and entirely as a fortress essential to our position in the Mediterranean... anything like open agitation against the Government is a thing that cannot be tolerated," he said.

With Britain running Malta as a strictly disciplined ship of the line rather than a colony, the normal channels of interaction, debate and compromise between ruler and ruled were closed off. Most Maltese — the working class — had no choice but to be grateful for whatever livelihood was offered. Members of the educated middle class either saw the advantage of becoming staunchly pro-establishment, or fomented against it.

A century-and-a-half of this type of enforced extremism has left its mark on modern Maltese behaviour. In relations between Maltese, it has led to much divisiveness. Post-independence politics have been excessive and sometimes violent. Religious stands are uncompromising. Views on social and family matters are usually extreme. And while the Maltese are colourful, loud and assertive with each other, in relations with for-

eigners the survival techniques of yesterday can today pass for acquiescence or servility. In Malta, there are few middle courses.

Less than 30 years of independence are nothing when set against 3,000 years of foreign domination, but there are signs already that attitudes may be changing. The reason? The Maltese are beginning to forget the past.

"When I was young our favourite heroes were the knights and sailors of Malta," says Mario Falson, a history teacher in the working class district of Paola. "We played with wooden swords and bucklers. Today my students aren't interested. They can watch 15 channels of Italian television. Malta is no longer even a great port; everyone flies in and out. I've had to describe to my classes what sailors are."

Inevitably, Malta is becoming less isolated and a little bit more like the rest of the modern world. Knights and sailors may no longer dominate the island, but even its imagination. But it is unlikely the Maltese can or would want to escape their past altogether. Most places remember history; Malta is history.

## Down mammary lane

**F**OR MALTA'S tiny sister island of Gozo, last month was a busy one. Day-tripping tourists may not surge on and off the Malta ferry in regular waves, but not since the Turkish slave raids of the 1500's had any arrival been so anxiously attended. Though isolated Gozo may have escaped the mainstream of secular history, for a people as church-orientated as the Gozitans a visit by the Pope was an event of the first order.

Even Gozo's road pavers, renewed for their torpor, became suddenly inspired. Although they avoided potholed roads to left and right, they resurfaced the entire zig-zag route the pontiff would follow from Victoria, the island's principal town, to the Basilica of Ta' Pinn.

The Pope had no shortage of holy places to choose from. Although the island is just nine miles long by four wide, it has more than 50 churches and chapels. But Ta' Pinn is special. Just how special was explained by Mary Grace, a young, dark-haired church guide who took time off from preparations for the Pope's arrival to show visitors around the basilica. "People come to Ta' Pinn from all over Malta," she enthused. "In a special room they hang their crutches in tanks on the wall."

While Maltese visitors nodded their heads proudly at this piece of information, it left some foreigners wide-eyed. Few could resist Mary Grace's offer to show them the room. "You see," she said, pointing to the framed attestations, prosthetic devices, plaster casts, crash helmets, artificial limbs and crutches affixed to the walls of the room. "The infirm and accidented come to petition Our Lady for good health. After she helps they give their tanks by hanging their crutches here. Also," she added, but by now everyone had got the hang of it and did not think twice, "this room has beautiful mammaries alive."

At the basilica's altar, Mary Grace pointed out "the miraculous oil painting that spoke" — a picture of the Virgin Mary through which the Holy Mother is reputed to bestow favours and graces. These are the traditional "miracles" produced through farming has gone into making their parish church larger and more baroque than the next vil-

lage's. The result, pinched frugality side by side with opulence, makes a vivid contrast, but Gozitans, apparently, like it that way.

The Maltese proudly claim they were first converted when Saint Paul was shipwrecked on Malta, thus making them among the earliest of Christians. But they have always, in a literal sense, gone in for religion in a big way.

On the edge of the village of Xgħara on Gozo stands the 5,000-year-old megalithic temple complex of Ggantija, the oldest freestanding stone structure in the world. Given the engineering techniques available at the time, its size and height are astounding — it looks like a prehistoric attempt at tower block living.

The facility cult that was celebrated here and at 23 other sites on Gozo and Malta also left behind a number of small statues. Modelled with exaggerated breasts and hips, they are representations of the fertility goddess the ancient temple culture worshipped.

Breasts and hips carved in stone may be permitted in Malta's museums, but the Maltese Catholic church remains conservative enough and powerful enough to make sure that in public places such things are not seen in the flesh. The not-so-distant days when the church owned more than one-third of all land on the islands and could use the threat of excommunication to ensure that some of its flock voted socialist are gone.

Nonetheless, committees of the "Decency Campaign" continue to guard against the criminal offence of topless sunbathing. "Tourism has brought with it many bad habits," says Father Joseph Bugeja, a religious historian at Malta's Faculty of Theology. "Discotheques and everything they imply — drinking, drugs, and provocative dancing — are responsible for a steep increase in marriage annulments here. We lack a firm view of all of these things."

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lage's. The result, pinched frugality side by side with opulence, makes a vivid contrast, but Gozitans, apparently, like it that way.

The Maltese proudly claim they were first converted when Saint Paul was shipwrecked on Malta, thus making them among the earliest of Christians. But they have always, in a literal sense, gone in for religion in a big way.

On the edge of the village of Xgħara on Gozo stands the 5,000-year-old megalithic temple complex of Ggantija, the oldest freestanding stone structure in the world. Given the engineering techniques available at the time, its size and height are astounding — it looks like a prehistoric attempt at tower block living.

The facility cult that was celebrated here and at 23 other sites on Gozo and Malta also left behind a number of small statues. Modelled with exaggerated breasts and hips, they are representations of the fertility goddess the ancient temple culture worshipped.

Breasts and hips carved in stone may be permitted in Malta's museums, but the Maltese Catholic church remains conservative enough and powerful enough to make sure that in public places such things are not seen in the flesh. The not-so-distant days when the church owned more than one-third of all land on the islands and could use the threat of excommunication to ensure that some of its flock voted socialist are gone.

Nonetheless, committees of the "Decency Campaign" continue to guard against the criminal offence of topless sunbathing. "Tourism has brought with it many bad habits," says Father Joseph Bugeja, a religious historian at Malta's Faculty of Theology. "Discotheques and everything they imply — drinking, drugs, and provocative dancing — are responsible for a steep increase in marriage annulments here. We lack a firm view of all of these things."

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## TRAVEL

## TRAVEL BOOKS

## From old world to new in company of a master

Michael Thompson-Noel on a cold-climate classic

THE BEST travel books – surprise, surprise – are the ones that entail a spot of travel: movement from place to place, sometimes with difficulty, often by exotic means, among natives friendly or not as the case may be. Any plump widow, eating chocolates and working herself up steamily, can sit in Venice and write a book about it. But it takes resourcefulness and steeliness, to say nothing of pure talent, to produce a volume as resonantly satisfying as *Last Places* by Lawrence Millman (André Deutsch, £12.95).

Millman, who is said to have a mountain named after him in Greenland, certainly gets about. Some years ago he found himself abandoned for six days on Mingulay, a hilly rocky island in the Outer Hebrides, by an old lobster fisherman named Hector. Mingulay had been devoid of people since 1908. It is a rapturous place if you know you are going to get away from it less rapturous if you feel you may not.

"The first day after Hector didn't come," writes Millman, "I felt panicky. I had brought along only two Cadbury's fruit-and-nut bars; I figured I would ration them to a bird-bite every few days and then throw in the towel. My cluster of bones would be picked bare by the jackdaws, who would appreciate the change of diet from nibbling on the bones of Mingulay's near-feral sheep." Gradually, he realised that he did not have to starve. He found he could gather sorrel and wild celery from the net-tled hillsides and mussels from the rocks. He cooked up a limp stew in a rusted-out skillet scavenged from a 75-year-old midden heap. He even killed a puffin, but managed to overcook half of it and undercook the other half – a difficult feat: a puffin is very small.

It rained intermittently. The only refuge was a decrepit sheep tank which sheltered several dead ewes. After a while the rank, cryptic odor didn't seem to matter much (he can still smell it, though). All that mattered were the basic

functions: eating, sleeping and waking up the next day. "Each new morning pulled at me like gravity, and each night congratulated myself on getting through the day."

Finally, the boat chugged to his rescue. Hector had had a stroke while ascending the steep slipway in Castlebay, Barra. It was five days before he regained consciousness in hospital. His first stricken words were: "I've left a man on Mingulay." Millman was res-



Cued by Hector's nephew.

*Last Places* is a fine book indeed, not only because of the quirky excellence of the writing and eagle-sharp reporting but because the author sets himself a decent target – to travel across the entire breadth of the North Atlantic, from the Old World to the New, from Norway to Newfoundland by way of the Faeroe Islands, Iceland, Greenland and Labrador – and then sticks to it as he follows the route the Vikings took when they set their clinker-built boats in the sea. "Why, I wondered, did I have such an affection for high-latitude places?" he writes. "Simply because the thin air and strong winds seemed to enhance me? Because the brute carcinogenic sun was less in evidence? Because northern people might actually be composed of at least three parts brilliant adamantite rock?" He meets remarkable people: a convicted murderer, a very sad hermit, eccentrics beyond

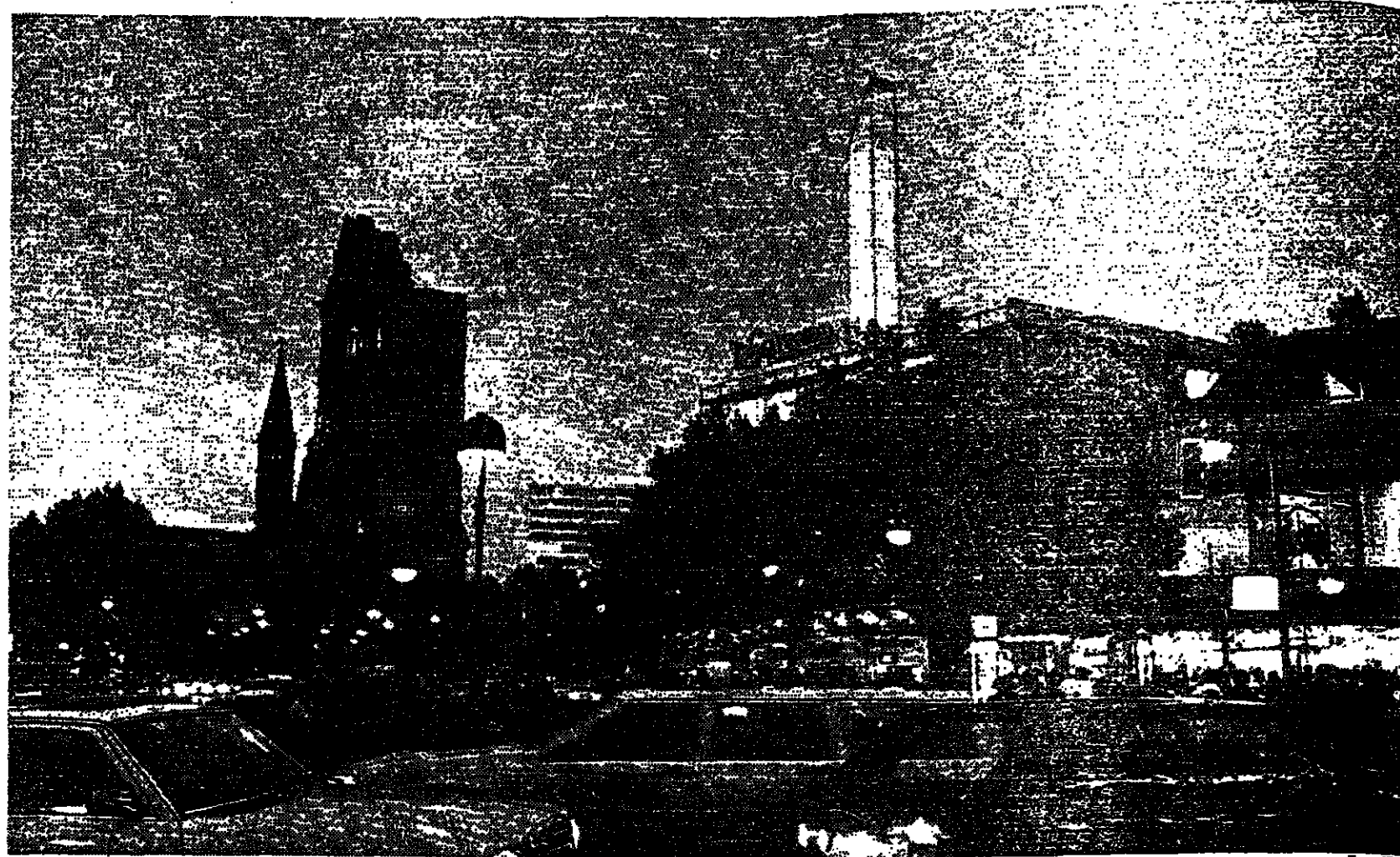
number and an Icelandic priest who refers to his saviour as Jesus Josephson. The author also recounts being asked to sleep with an Eskimo's wife. (He did, and jolly pleasant it was, too; the husband sat next door, shuffling a deck of cards. What a wonderful world is this.)

In *The Communist Mirror: Journeys in Eastern Europe*, by Lesley Chamberlain (Faber and Faber, £12.95) is an account of journeys in Russia, Poland, Czechoslovakia, Hungary, Romania and East Germany in the period just before things really began to change. She is a vigilant reporter (a former Reuters correspondent in Moscow) and writes with humanity and clarity.

Peter Hudson is 29 and has spent most of the last decade travelling the world. His first book, *A Leaf in the Wind*, a record of his travels in Africa, was shortlisted for the 1988 Thomas Cook Travel Book Award. Now comes his second, *Travels in Mauritania* (Virgin Books, £14.99), recording his trek through this little-visited desert land. It is good.

And so, of course, is *Travels in San Francisco* (Arcade Publishing, New York, \$22.95/\$11.95) by Herbert Gold, the novel and screenplay writer. One chapter is entitled: "Who Is The Reverend Ted McIlvenna, M.Div. Ph.D. and Why Is He Sowing These Wild Oats?" Another: "Auld Lang Syne: The Nostalgia Bars of San Francisco." Get it?

Robert Swan was born in 1956. He is an explorer. Probably hairy-chested. In May 1989 he became the first man to walk to both the North Pole and the South. He is currently on a "nostalgia" lecture tour. "Icewalk" (Jonathan Cape, £15.95) is a "gripping account" of his mission to the South Pole. He and his team faced "terrifying hazards." For reasons that have no basis in logic, I cannot stand Robert Swan. Whenever I see naughty boys, I tell that if they are not extremely careful they will grow up to be Robert Swans. That shocks them powerfully.



Twilight over the Kaiser Wilhelm Church in West Berlin: In spirit the city is essentially reunited

## Berlin gets it together – now

Barry D. Wood discovers that both West and East Berliners are keen for their city to reclaim its reputation as Germany's cultural and artistic centre

BERLIN'S Unter den Linden was designed three centuries ago as a grander German answer to Paris's Champs Elysees. It linked the city's traditional entrance, the Brandenburg Gate, with the Schloss, the palace of the Prussian kings, which was bigger and (many say) more impressive than Buckingham Palace in London. The Linden and the entire 19th century city's administrative and cultural core all lie in East Berlin.

As darkness falls on the Linden, rich and fashionably attired West Berliners descend from their Mercedes and enter Frederick the Great's magnifi-

cent 1743 Opera House through three polished wooden doors. Coming at this scene from the 1816 Guard House (*Neue Wache*) the simple classical lines of which replicate those of the grander Opera House across the wide boulevard, it is easy to imagine how quickly the drab and neglected Linden could regain its place as Germany's – and perhaps Europe's – most elegant thoroughfare.

A dozen remarkable structures are visible from the Guard House, where tourists photograph grey uniformed East German soldiers who still goosestep in front of what is now the Memorial to the Victims of Fascism and Militarism. Hereabouts, Berlin's tortured history is vividly displayed.

A few paces to the rear is the Singing Academy where Mendelssohn launched the Bach revival in 1829. Under the Nazis, Mendelssohn became a non-person. Today his tiny hall is the Maxim Gorki theatre, Berlin's finest playhouse.

To the left, against the banks of the Spree, is the 18th century armoury (*Zeughaus*), a huge two-storey, yellow building that a 1904 Baedeker called the "finest structure in Berlin." Now the Museum of German History, it is arguably still the Linden's finest building.

Across the bridge on Museum Island is the heart of old Berlin: the Lutheran Cathedral, the interior of which is still a shell 45 years after the war; the Pergamon, with its breathtaking classical altar from Asia Minor, and the site of the needlessly lost Royal Palace. The communist bulldozed the heavily damaged palace and built in its place their modernist, amber glass Palace of the Republic.

On the other side of the Guard House is Humboldt University, where the philosopher Hegel and the poet Schiller taught. Across the Linden is the Royal Library, where a sign tells us Lenin studied.

During last autumn's revolution tens of thousands jammed into Opera Plaza to call for an end to communism. Beyond is the dome of the Catholic Cathedral and the Schauspielhaus (royal playhouse), where Leonard Bernstein led the triumphant performance of Beethoven's Ninth Symphony last Christmas Day.

Since the Wall was breached in November, the Linden has been springing back to life with astonishing speed. The enforced greyness of the Stalinalist past diminishes daily. Strollers again crowd the centre walkway beneath scrawny lindens no bigger than dogwoods. Big West German cars roar up the Linden past sputtering East German Trabants and Wartburgs, which already seem oddly out of place.

West Berliners are flocking back in record numbers. They go by bicycle, car, train and foot. They now comprise 70 per cent of audience at East Berlin theatres and concerts,

*Like Vienna, Berlin is a city that lives in its cafés*

and they accounted for 80 per cent of the several thousand who attended the recent historic exhibition of American artist Robert Rauschenberg, whose multi-media show was the first to span the long divided city.

At first the westerners came east out of curiosity. Now they come in what some call a spiritual quest to connect with their city's history. Berlin is still the greatest metropolis between Paris and Moscow. Its population of 4m is projected to soar after unification. Will Berlin again be Germany's capital, as 70 per cent of West Germans wish? Possibly; but West and East Berliners today



are more interested in their city reclaiming its reputation as Germany's cultural and artistic centre.

For the first time since 1961, Berliners (but not foreigners, who must go through official border posts) can walk through the six-pillared Brandenburg Gate, which is covered with scaffolding for a long overdue refurbishing. Gone, too, for restoration from atop the gate is the Quadriga or chariot of victory, which Napoleon liked so much in 1806 that he took it to Paris. Bismarck brought it back in 1870, the year Berlin became the capital of Germany and not just of Prussia.

On the western side of the gate a higher section of the Wall remains where tourists can chip away souvenirs. Larger, magazine-size sections of the Wall are sold by vendors both on the western side of the Brandenburg Gate and at

There is still no better way to experience Berlin than to follow the advice of the old Baedeker, to walk the Linden. For the first 200 yards there is little but concrete and empty space where buildings used to be, plus guard towers and armed sentries. Take in this barren wasteland while you

can for a land rush is on. Much of this choice real estate, from the gate south to Potsdam Platz, is likely to be sold for development.

Past the first intersection is the massive Soviet embassy. Across the street shop windows have come to life with well-lit displays of jewellery, furs and fashionable clothes. Next is the Friedrichstrasse, the main north-south artery, with the train station on the left and the four-year-old Grand Hotel, East Berlin's finest, tastefully done in traditional style, on the right. It has been virtually off-limits to East Germans since everything, even postage stamps, had to be paid for in western currency.

In the Grand Hotel is a pale remake of the once notable Café Bauer, a meeting place for Berlin's artistic set from the late 1800s until the Nazi era. Like Vienna, Berlin is a city that lives in its cafés. As with most major comforts, East Berliners have been deprived of good cafés, but now they are sprouting like spring flowers. Two that are just off the Linden, and better and cheaper than the touristy Bauer, are the Café am Neuen Markt and the Akademie Café, two blocks south across from the Schauspielhaus. There, you will find good coffee, cakes, music, newspapers on sticks, comfortable wicker chairs – and real East Berliners.

Back on the Linden, keeping going east, past the Soviet bookstore to the Frederick the Great statue. Then stroll across the Linden to the battered, ancient Guard House. Berlin, in spirit, is essentially already reunited. It is a city that, because of its unique post-war history, has two downtowns. Well out of earshot – two miles west past the gate and the Tiergarten – is the vibrant commercial centre, the Ku'damm. And within your feet and within your gaze is Berlin's cultural centre, its soul.

## Culture and excellent Guinness

Marilyn Bentley looks forward to Wexford's festival

WHEN BOOKINGS opened on June 1 for the 1990 Wexford Opera Festival, I was doing my best to head the queue. Last year was my first chance to sample the Wexford experience, and I am hooked.

Situated at the south-eastern tip of Ireland, the little town of 15,000 inhabitants draws plenty of summer holidaymakers. It has a distinctive waterfront and a narrow Main Street. But it has taken the opera festival to highlight the town's attractions under the lowering skies of early November.

I travelled to Wexford with O'Mara Travel, a Dublin agency that runs festival package deals combining transport, accommodation and tickets from about £295. If you prefer a more independent approach, O'Mara will arrange a schedule tailored to your tastes. Operas are rotated nightly, so you can choose almost any three days of the festival and still catch them all.

Performances take place in the town's intimate Theatre Royal, which seats only 550. Ticket prices sound fairly steep – £25 to £32 – but are modest by international standards, and demand is heavy. Of the total 8,250 seats available last year,

only 200 were unsold. The festival's policy of Wexford, established by the founder and inspiration of the festival, the late Dr Tom Walsh, and continued by the present artistic director, Elaine Padmore, is to seek unusual or neglected works for its repertoire.

This year's are *La Dame Blanche* by Boieldieu, (based on the same Scots legend which inspired the more famous *La Sonambula*), *Leoncavallo's Zaza*, and *The Rising of the Moon*, by Nicholas Maw.

It is also part of Padmore's policy to cast up-and-coming voices from all over the world. But you are unlikely to hear the international opera circuit: Wexford is not Salzburg. Nor is it Glyndebourne, although evening dress is strongly recommended for the performances, and for the fund-raising galas and buffets which help keep the festival financially afloat.

Despite the dinner jackets and the gowns, there is an informal atmosphere at the theatre. In the foyer, Barbara Wallace, chairman of Wexford Festival Opera, welcomes patrons to each performance: not merely the critics and corporate guests but everyone

who is attending that night. Visitors and performers feel instantly at home. Donald George, the San Francisco-born tenor who made his first appearance at Wexford last year as Antonio in *The Duenna*, says that "the whole town sort of adopts you – everyone, in the shops, the pubs, the hotels. I was charmed by it. Everything was well organised and a lot of fun."

*In spite of the gowns the atmosphere is informal*

We hardly knew we were working. Accommodation for visitors is mainly divided between White's Hotel at one end of the town, and Talbot's, by the harbour, at the other. Catering is never a problem. The town is full of hostellers prominently serving Guinness – Guinness is the festival's leading sponsor – and the stout seems a creamier, somehow more leisurely drink than anything you will taste in Britain. At The Bohemian Girl – no-one was able to tell me whether the pub was always

called this, or whether the name was a touch of opera-tism – they serve hot local mussels in garlic butter and invite you to toast your feet by a peat fire. As a first-time Wexford festival-goer I had no difficulty learning the ropes. The days found their own shape: a generous Irish breakfast; a mid-morning recital; a leisurely luncheon; the inglenook of a friendly pub. The afternoon is occupied with an amble along the estuary, a look-in at the arts centre or one of the many exhibitions of paintings or sculpture in the town, and then a sleep, before the pleasant ritual of dressing for the evening's performance.

Perhaps you are thinking you could do much the same things at any music festival. Perhaps you could. But not with the same feeling of being part of things. At Wexford, everyone is an insider. Wexford is opera celebrated on a human scale.

*Information: this year's Wexford Opera Festival opens on October 25. Booking: from Wexford Festival Opera Box Office, Theatre Royal, High Street, Wexford, Ireland, tel: (353-53-53) 2314.*

*O'Mara Travel: 12-14 College Green, Dublin 2, Ireland, (353-1) 773886.*

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## BOOKS

Our critics review the pick of the latest batch of biographies and memoirs

## Shoe-shine boy made good

A S A literary artist, James Baldwin engaged with his life with a ferocity it is difficult to find in any other writer. He was not the first to make white readers aware of blacks as people, nor will he be the last, but his emergence in the early 1950s, with work of such eloquence, humane, ironic intelligence, seems as if it must have been predestined. His essays and early novels served to prepare the ground for one of those shifts in consciousness that occur only every two or three hundred years.

Baldwin, it now emerges, was born illegitimate into the poor family of a part-time Harlem preacher. He was the second oldest of 10 children. "I was just a ragged, funky black shoe-shine boy," he wrote. History, however, had other ideas for him. It cast him in a role which proved in the end to overstretch his genuine but limited talents. But when the call came to write, Baldwin accepted the role without demur. He saw himself as the articulate fiery witness testifying to the true state of play between black and white. Throughout the 1950s and 1960s he grew into this persona superbly, becoming a figure of international importance.

Some of the credit in the early stages must go to the New York City public school and library services. In spite of his place as a disadvantaged, hungry child at the very bottom of the heap, Baldwin became an avid reader and frequently managed to escape from his brutal step-father to the Harlem public library where he devoured the work of Dickens and *Uncle Tom's Cabin*, a novel which in his maturity he came to loathe. A perceptive teacher spotted his potential and it was through this discerning white woman that Baldwin managed to conceive the notion of escape from home and his demerol-addicted step-father. In whose steps he followed as a Sunday preacher. "I would improvise from texts like a jazz musician," he said. However, he collected traumas on the way as other kids collect stamps. Not only was he black, he was also made to believe he was physically repulsive; all this in addition to suffering a prolonged crisis about his sexual identity. "Frog Eyes," as he was known,

drifted out of school into the world of artists and poets, black like Baldwin, whose life-style he was eventually to emulate. Before he was 20 he had settled for being gay. He put much of his childhood into his first published novel, *Go Tell It On The Mountain*. Now W.J. Weatherly, the New York-based British journalist, in what he calls "a portrait," usefully sets down the available biographical facts about Baldwin.

When he reaches the period after the war, Weatherly's account begins to seem somewhat sketchy. By then Baldwin has left the family home and the literary coteries of New York, where he made a debut as a book-reviewer, and has gone to live in existential Paris. Although Weatherly

**JAMES BALDWIN: AN ARTIST ON FIRE**  
by W.J. Weatherly  
Michael Joseph £17.99, 412 pages

knew Baldwin later (when as a famous writer he returned to the US), his book is weakened by a lack of really fresh first-hand material. He relies excessively on the memories of publishers' editors and literary agents.

Still, the general picture of a gay black man in his twenties with mistresses in his head but not yet down on paper, bumming his way around the bars of St Germain-des-Près, in the period of Elaine Dumy's *Dud Accado*, emerges well enough. I happened to know Baldwin at that time and spent some hilarious evenings with him and a French writer called Daniel Mauroc. Baldwin was easy to meet in those days and always eager to talk, with a most fetching natural courtesy. This did not prevent him from telling me on one occasion that he thought I should spend less time in bars and more time trying to write. After that I did not see him for over two weeks. When we met again he said, "Hi! Where've you been?" I told him I had been taking his advice. I then received the great ear-to-ear Baldwin grin. "I was afraid you might," he replied.

I remember the time when the letter arrived from the editor of *Parisian Review* accepting Baldwin's controversial essay on Richard Wright. This

was the second hostile article he had written about the author of *Black Boy* and *Native Son*. Wright, who had supported him in the early days, was also living in Paris at the time. The piece was published in the November-December 1961 issue of *Parisian Review* as "Many Thousands Gone," and as far as Wright was concerned, compounded Baldwin's previous offence, of stabbing him in the back, unforgivably.

Weatherly rightly spends much time on the acrimonious relation between Wright and Baldwin. This might have been easier to follow if he had grouped it all in one section. The rows with Wright were crucial to Baldwin's emergence. The immediate effect of the acceptance of the article by the prestigious intellectual journal, with a letter asking to see further work, was an enormous boost to Baldwin's confidence and to Baldwin's finances, which were at a customary low ebb. In the longer term, the effect was liberating of the engaged figure Baldwin was about to become. Through his courageous attack on Wright, Baldwin learned to live with "dirty hands" (we were all much influenced by Sartre's play of that title then).

The remainder of Baldwin's career as the writer who gave us such seminal books as *Musicians*, *Observations*, *Another Country*, the plays *Blues for Mr. Charlie* and *The Amen Corner*, and those wonderful collections of essays such as *Notes of a Native Son*, *Nobody Knows My Name*, together with that majestic piece of rhetoric *The Fire Next Time*, is comprehensively documented. His active involvement with civil rights at the time of the Mississippi school riots, and his later ambivalent attitude to Black Power, is traced alongside his writings. There are accounts of his many friends and lovers. Black celebrities like Ralph Ellison, Lorraine Hansberry, Sidney Poitier, Diana Sands, all of whom he knew and liked, frequently crop up, as does Norman Mailer, whom he knew and loved and publicly attacked.

Baldwin's rise and fall is a fascinating story, and after this book it requires re-telling by someone who has access to the private archive.

Anthony Curtis



## Something of a nearly man

Sir Antony Part's brief memoir mixes personal and professional in even measure. Part, descended from John of Gaunt, had Harrovian schooling, made more wretched by his parents' divorce. News of the decree absolute reached him on his 14th birthday. Part would henceforth spend years uneasily torn between mother and father. "All this gave rise to an instinct for conciliation which stayed with me throughout working years," Cambridge and modern languages were an altogether happier mix. Not keen to "make a profit" but in need of wages about departmental goings-on, Benn elsewhere has made it clear that relations were strained, and Part with some relish here sets out to level the score. He recalls the Accounting Officer's minutes, issued by Civil Servants to Ministers by way of warning if they think a proposed course of action may be financially improper or irregular. A journalist presses to know how many have been issued to Benn. "Such issues are very sensitive. I was not going to tell the journalist that between us Peter Carey and I had written to Benn three Accounting Officer Minutes." But now he makes sure we know.

**THE MAKING OF A MANDARIN**  
by Antony Part  
Andre Deutsch £12.95, 203 pages

The war took Part, newly married, to the desert with Monty. Father's sharp pen followed. "I hope you are enjoying the wide open spaces of the Desert while your wife and I are bearing the brunt of the war in London." As a Staff Officer, Part worked on the Normandy build-up, only to miss the final team selection. "I need a happy ship," his superior told him. Part comments, "I had become too intense. This was a mistake that I resolved never, if possible, to make again."

Part returned to Education, then the Ministry of Public Building and Works, and finally Trade, in its various guises: in all, a further 32 years of mandarinate. Part's life is at pains to say that Yes, Minister is off-beam and denigratory, whereas in fact it is exaggerated and affectionate. In 1981 he gets pleasure carting ATV off to the Broadcasting Complaints Commission for slack editing of his remarks.

Mandarin qualities were most called for from 1968, at the top of Trade. Part, picking up a little economics on the way, grapples with GATT, with Concorde, with the Vehicle and General Insurance Tribunal, most of all with a full In-Trade. Part enjoyed serving John Davies and Peter Walker when Trade became DTI. But rough nemesis lay in wait. The restored Wilson of 1974 trifurcated the DTI into Industry, Trade and Prices. Part got Industry, and with it Tony Benn.

Part reckons that he served Benn loyally, not "sneaking" to colleagues about departmental goings-on. Benn elsewhere has made it clear that relations were strained, and Part with some relish here sets out to level the score. He recalls the Accounting Officer's minutes, issued by Civil Servants to Ministers by way of warning if they think a proposed course of action may be financially improper or irregular. A journalist presses to know how many have been issued to Benn. "Such issues are very sensitive. I was not going to tell the journalist that between us Peter Carey and I had written to Benn three Accounting Officer Minutes." But now he makes sure we know.

**More books on page XXII**

But in the end he wants it both ways. "Can the Civil Service get a square deal from the media? Some Civil Servants believe it is better to keep heads below the parapet. This point of view seems to me wrong."

Similarly, he is in at least two minds about Mrs Thatcher. The emphasis on sharper management gets his approval, but he is more equivocal about "one of us" appointments. "It has some destabilising effects. Some mandarins respond better than others. Some have been slow to accommodate themselves to the revolution, and their prospects have suffered accordingly." A mild verdict withal, one that might view would be that Thatcher has done deep and deliberate damage to professional Britain, and not only to that element served by Part. But a lifetime in the mandarinate is not conducive to any such bluntness.

Brian Wenham

## Here's a different kettle of koalas

LIKE EVERYBODY else, I have a love-hate relationship with Clive James. He's particularly irritating on television, where he is to be seen sitting before a bank of flickering screens being facetious and low-brow, or presiding at a bare table chatting up the Oxford/Hampstead intelligentsia, or else cavorting abroad (on expenses), making funny comments about Miami, Rome, Tokyo, etc.

In sum, James, on the box, is as desperate to be a personality, a Michael Aspel with the brain of Bronowski and the tamfool spirit of Spike Milligan, that his mannerisms and attitudes grate. Glazed and glib, he does himself a disservice - and though he tries to make jokes at his own expense, he doesn't evade any full sense of self-mockery. His eyes are so unflinchingly focused on the audience they have sunk back deep into his head. He man-

ages to be both unbuttoned and uptight. He's embarrassing. As a writer, however, James is a different kettle of koalas. In his prose, he can turn phrases, mix together cleverness and clownishness, and achieve a fluency and a level of wit that make his pages truly a pleasure to read. He assembles words in a seemingly relaxed fashion and his sentences unfurl as epigrams or as syntactical jazz riffs. His many essay collections are first-rate and in their liveliness and range put the official academic critics to shame. In his journalism he practically invented the art of ironically appreciating junk - and his volumes of television notices are already classics. Luckily, he can still find some time to write books and,

**MAY WEEK WAS IN JUNE**  
by Clive James  
Cape £12.95, 249 pages

luckier still, his latest autobiographical instalment shows no falling off in quality or energy. *May Week Was In June* is Clive James, and the hero of *Unreliable Memoirs*, having loaded for a year or two in London, is now at Cambridge, where "within broad limits you can make as big a fool of yourself as you like, and still be put up with it." Clive, that the colonial boy at Oxbridge bemused by antique rituals and blundering innocently about the old country, is a rather overdone theme, James still extracts endless bright comedy from his

experiences. And though the structure of the narrative is predictable (drunken bouts, flights to the States, a rich American graduate student whose love of English culture puts him in the Mr Toad class. He collects rare first editions which he gives to the college; his rooms are a chaos of fly-fishing equipment (unusual), Furdeys (ditto), candy striped blazers, tweed hacking jackets, opera capes and Fortnum's hampers. Naturally he erratically drives a Bentley. I awaited each Delmer episode with glee, and James's chapter on a skiing trip they make together is a hysterical set-piece. In addition to the laughter-making, James rather engagingly recalls his sentimental education, his coming alive

intellectually, especially in Florence. The reading lists are fleshed out with attractive commentary and James is excellent, too, at describing the magic of the old films he saw. The idyllic story concludes with Nicholas Tomalin and Ian Hamilton standing him drinks in Soho - the metropolitan critic is born. Ahead looms fame, the foolish attempt to recreate his prose-style as a television style, and the realization that if only he could perhaps stop being tempted by being on the box, he might fulfill his own unrealised promise - that is, to write a big book on Japan and Australia and what happened in the Pacific when two worlds collided in war and peace. "If I have an important book in me, that will be the one." Yes, and please Clive don't do it as a tie-in to a television series.

Roger Lewis

## Ranji, the prince who 'never played a Christian stroke'

THE VERY name evokes the sullen shirt gently billowing around somewhere in the south of England, a series of concommate leg glances played casually off middle stump; a magical presence redolent of that long ago time when cricket was still a game on the gold standard.

This, however, is a revisionist, not a romantic biography, and here none the worse for that. Wilde convincingly portrays Ranji as a batsman who endured a lengthy, difficult apprenticeship before finally evolving his revolutionary technique, and who moreover, as an undergraduate at Cambridge in the early 1890s, was the object of great prejudice, before rising through and indeed within a few years achieving a degree of sporting popularity surpassed only by that perennial favourite, Dr W.G. Grace.

But at the heart of the life is a painstakingly researched account of the disputed succession for the throne of Nawabnagar in Western India. The story is too complex to summarise, but suffice to say that Ranji's claim was at best dubious and that he only succeeded in 1907 largely through his own persis-

tence, allied to the contrivance of the British authorities, who for many years had been assiduously courted by the cricketing 'prince'. What did His Highness the Jam Sahib of Nawabnagar - "Jam" to his intimates - make of the long-awaited opportunity? The authorised version has always been that he transformed a backward state

**RANJI: A GENIUS RICH AND STRANGE**  
by Simon Wilde  
Kingwood Press £14.99, 257 pages

into one that was efficient, prosperous and just. However, Wilde shows both that Ranji's role has been overrated and that much of the modernisation centered in and around the dwellings of the head of state and barely impinged on the population at large. Moreover, not only was he fundamentally out of sympathy with the burgeoning Indian nationalist movement, but also right up to his death in 1933 he sought to obstruct British-led moves towards a federal constitution for India.

One other new theme emerges, and it is that Ranji, like several

other prominent amateurs of his day, was consistently short of the ready. Over the years his creditors showed remarkable patience, but during the fateful Old Trafford Test of 1903 they were moving in ominously. Ranji was a worried man throughout the three days - so much so that his captain had to put him in the duffer's position of mid-on - and on the final afternoon he found himself at the crease with 56 needed and eight wickets left. He struggled desperately to achieve a semblance of form, until after a painful ordeal he was given lbw for only four. Eventually England lost the match to Australia by three runs, and with it the series, and Ranji never played for his adopted country again.

Wilde is no Alan Ross, who wrote a typically elegant, well-rounded biography of Ranji in 1963; but together they give us what must be the last word on the man who, according to an old Yorkshire proverb, "never played a Christian stroke in his life."

David Kynaston



"The Bowler" one of John Corbet Anderson's lithographs taken from Sketches at Lords by Michael Down and Derek West (Collins, £19.95)

## Lonely in love and death

BOTH THESE books are accounts of loneliness. For Colin Spencer, "being gay is... a joke in society's eyes." For Peter Noll, "conversation between someone who knows his time will soon run out and someone who has an indefinite amount of time is very difficult." One is about love, the other death. And both are races against time: with the turning of every page, the sands drain irrevocably away.

*Which Of Us Two?* is a collection of love letters exchanged by the journalist Colin Spencer and John Tasker during the course of an intense affair over 30 years ago. They met each other up in a Brighton pub in 1957. Spencer, then about 24, had attempted suicide during national service, and was an aspiring painter and writer. Tasker, later to become one of Australia's most prominent theatre directors, was already culturally precocious. Har-

ving lived in England for several months, he too was liable for national service, but determined to avoid it. Moreover - "sterile but not impotent" - he had suffered from testicular cancer.

It could almost sound like the paradigm of gloriously doomed fictional romance: youth, illegality, the shadow of disease, the certainty of separation. But first love has a uniquely corrosive energy and anguish, and it can't have seemed glamorous at the time.

It was as fugitives from the draft that they went to Vienna: it is a measure of their youthful optimism that they thought their love could prosper there despite the lack of friends and money. Spencer returned to London, Tasker eventually to Australia; they were to meet

**WHICH OF US TWO? THE STORY OF A LOVE AFFAIR**  
by Colin Spencer  
Viking £15.99, 238 pages

**IN THE FACE OF DEATH**  
by Peter Noll (translated by Hans Noll)  
Viking £15.99, 254 pages

twice more, in 1980, and again in 1987, the year before Tasker succumbed finally to cancer.

"This is the story of the first great passion of two young men and my inquiry into why I murdered its future," Spencer's commentary

intones. It isn't really. He never explains why he suddenly married when Tasker returned to Australia. Nor why he "couldn't bear another queer affair." But the project was undertaken, I think, in good faith: only the brave or the unusually honest would publish the *billets doux* of their youth.

Peter Noll, a professor of law at Zurich university, was told in 1981 that he had cancer of the bladder. With immediate treatment, he would be impotent and have only a 40 per cent chance of survival. He decided to let the tumour advance, and kept a journal until about a week before he died.

His is not the isolation of sexual unorthodoxy but that of the dying man in a healthy society. This is not a private declaration but a pub-

lic document, his aim being to persuade the living "that it makes sense to examine the issues of dying." He finds that his frankness about his condition disturbs people: he is an affront to the 20th century obsession with prolonging life, and his situation corroborates the theory that we are as uneasy with death as the Victorians were with sex.

Noll was steeped in august literature and exceptionally intelligent. What makes him (and his book) remarkable, however, is the courage with which he approaches his quietus. A pastor's son, schooled in Protestant thought, he believed that death ought to be a preoccupation for every man. His dignity and bravery (at the end, he refused all drugs) are unarguable, and couched in a spare prose that asks no favours.

Clive Fisher

## Sacred monster

Simone de Beauvoir always considered herself first and foremost a writer. Only in the 16 years preceding her death in 1986, when her career as a writer was almost over, was she associated with the feminist movement, and adopted by American activists as "the Mother of us all." To the less idolatrous French, she became "our Sacred Monster."

*The Second Sex*, which led to her great fame, was a kind of accident. After two novels, one of which, *The Mandarins*, won the Prix Goncourt in 1954, and some minor philosophical works, she was stuck for a theme. She was not ready to write the memoirs which later consolidated her reputation - when she gave a fragment to Jean Paul Sartre, her lifelong companion, for comment. He simply held his nose to express his disgust.

In both fiction and philosophy, de Beauvoir had always written to gain a better understanding of her own life. Confused by an unhappy affair with the American novelist Nelson Algren) and the ups and downs of her relationship with Sartre, she decided that she needed to understand herself as a woman, and that in order to do this she had to understand "the condition of women in general." Once she had identified her topic - one which Sartre enthusiastically approved - the book came easily, almost mechanically. "I said many things I deeply believed in but in a certain sense everything I wrote seemed natural to me, obvious: I was only the one who organised it and wrote it, everybody already knew it."

In fact the 464-page book that readers of English know as *The Second Sex* is only an abridged version of volume two of the French edition. De Beauvoir had a prodigious capacity for work, which earned her the nickname Castor (beaver) at the Sorbonne, where she completed four years' study in three, graduating an extremely close second to Sartre. For many years, besides producing her own writing, she did gargantuan editorial work on *Les Temps Modernes*, a publication which she founded with Sartre, and also edited his work, reading the German phenomenologists in depth in order to be able to criticise him with authority.

Sartre is a problem in an account of de Beauvoir's life, a dominant

presence even after his death in 1980. Bair is not the kind of feminist to rant and rail at de Beauvoir's stubborn devotion to Sartre, but she does try to keep him on the periphery. Nevertheless, his name crops up so often that it results in a tedious semi-biography of Sartre running concurrently with the full biography of de Beauvoir.

American biographers, especially academic ones, are notorious for providing endless, often repetitive detail. Bair, who abandoned "literary journalism" for a career as "a university professor" is no exception. She spent almost ten years on this project and interviewed her subject extensively. This is probably the definitive account of de

**SIMONE DE BEAUVOIR: A BIOGRAPHY**  
by Deirdre Bair  
Jonathan Cape £19.95, 718 pages

Beauvoir's life, but it comes nowhere near to being the definitive account of her work, a serious fault in such a mighty tome.

De Beauvoir emerges as a highly intelligent workaholic of great integrity, an arrogant woman with little or no sense of humour, fiercely loyal to her friends, simply fierce to others, and a not very dutiful daughter, with difficult hair and bad dress sense, a hater of housework and a great frequenter of cafés, an energetic cultural tourist and, in her later years, a generous supporter of socialist and feminist causes.

Although synopses of her work and descriptions of its reception are conscientiously slotted into place, Bair does not make any judgements of her own on its quality and significance nor does she seem especially excited by it. Although she believes it is to soon to assess de Beauvoir's contribution to feminism, she sees fit to entitle the final chapter with the emotive declaration made by a French feminist at de Beauvoir's funeral: "Woman, you owe everything to her!" But do we? Bair has answered every possible question about de Beauvoir except for the most basic one: just how valuable was her contribution to 20th century culture?

Alannah Hopkin







## ARTS

## Self-destructive passions

**T**HE ACTORS Touring Company is a lively, experimental team that put on plays from the past you are just unlikely to see done anywhere else. For the next few weeks they are at the Lyric Studio, Hammersmith with their production of *Phaedra* by the Russian poet and friend of Shakespeare, Marina Ivanova.

For anyone interested in the way tragic ritual may be sustained through an extreme use of gesture and voice, based on an unfamiliar text incorporating a familiar ancient story, this is well worth catching.

The designer, Richard Aylton, has adorned the bare circular set with some trees whose leafless branches both contain the action and stress its timelessness. Perceived in semi-darkness from the time we enter, his sacred wood envelops us totally while the tragic queen (Mary Jo Randle), her Nurse (Dawn Keeler), her stepson Hippolytus (Simon Beresford) and husband king Theseus (Gemma Newham) go through the motions of their violent self-destructive passions.

Theseus ignores previous warnings including Randle's in her attempt to recapture the mood of the Greek original. As a poet she was of the generation after Alexander Blok, sensitive to contemporary images and issues, but placing them in the wider context of Russian and Greek myth.

Michael Glenney and Richard Crane, the translators, make a brave effort to give an impression of the allusive idiosyncratic richness of her style.

It comes through more accurately, perhaps, in the performances, directed by Ceri Sherlock, and costumes made by Sue Cousson, which modulate from ancient to modern, from formal attire to near-nudity, throughout. The chorus sequences are the noisiest and least effective in this production which draws on an ancient leg-fitting body language derived from that 1930s genius of natural movement, Margaret Morris. This at times tapers on the edge of a Joyce/Graham Smith parody. But none of this detracts from the power of the principals of their power, nor does it detract in the slightest from the terror we feel at the moment when Phaedra is forced by the Nurse to confess her passion. She does so here in a type-written message which the garrulous old Nurse delivers to the resplendent Apollonian Hippolytus. After he has spurned it, Phaedra is discovered hanging from a tree.

This climax tragically anticipated the author's suicide in 1941 after she had returned to Russia from exile Paris. Something of the spirit of Tsvetayeva herself, a proud, mysterious woman, has been caught in Mary Jo Randle's performance as Phaedra. It would be worth a visit to Hammersmith merely to see this actress. Watch her using her face like a mirror with the sun on it, to create and memorise the audience into complete stillness.

Anthony Curtis

## Radio

## Down in Hardy country

**L**AST SATURDAY was the 150th anniversary of Thomas Hardy's birth, and this week the BBC has reached it without using anything too familiar apart from the Friday afternoon six-week serialisation of *From the Well*, which ended yesterday, and very pleasant it was.

Even Radio 3 joined in, with a Saturday programme, *The Centenary of a Poet*, which was an enjoyable hour in which Jill Balcan, whose late husband C. Day-Lewis is buried alongside Hardy in Stinsford churchyard, spoke about the poet's life. The Yellies, sweetest of Hardy's plays, were also on, some of it from Hardy's manuscripts on the Hardy family's own instruments, and there were readings from Hardy's work.

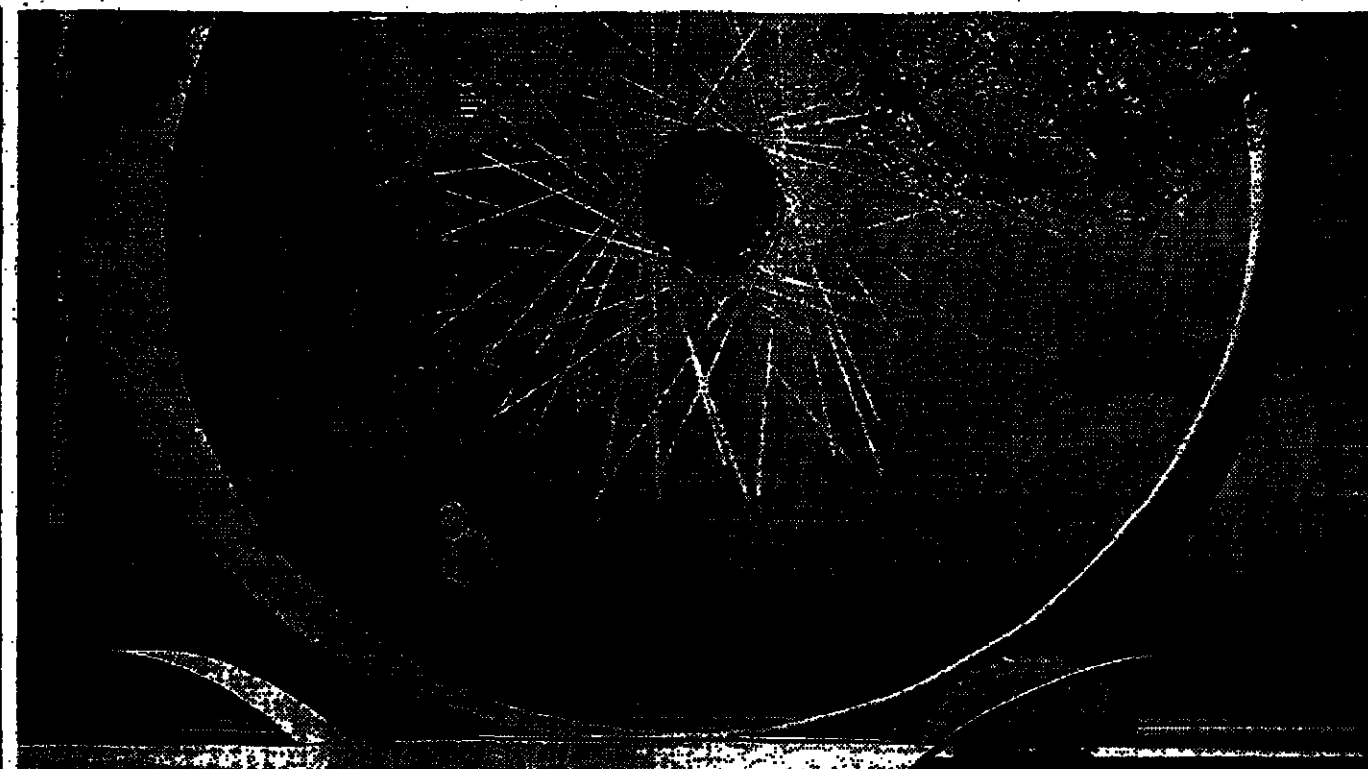
Radio 4 gave adaptations by Colin Haydon Evans of three Wessex Tales. On Tuesday, the *Wessex Tales* - *Wessex Tales* (Stephen Tomalin) was refused by Caroline (Janet Dale), who is after a triveller. *Wessex Tales* brings babies.

In this case from Watt, the anonymous fiddler (Struan Rodger) - his music was played by Dave Swarbrick with some alien just touches - as Caroline changed her mind and joined Ned in London. Back they came to Wessex - and the next time Caroline heard that old fiddle, back she went to the fiddler.

On Wednesday, *The Melancholy Hussar* seemed to prove a mistake. *Phyllis* (Mae Leslie) is affianced to Humphrey (Andrew Whitcott), but Humphrey stays away on business so long that Phyllis has an affair with Mathias (Neil Foster) from the German cavalry in camp near by. They plan to go away together then at the crucial moment, Mathias is arrested for desertion (a capital offence then) and Humphrey reveals that he is married.

Best of the three was *The Withered Arm* on Wednesday, a real horror story. Rhoda (Janet McInnes) lives with her husband son Jack, hoping that his father Thomas (Graham Padgett) will do the right thing by them. She has terrible dreams, of a mysterious lady who haunts her but never shows her face. Unwilling to bear it any longer, she curses her nightly visitor. She has to direct her curse at her arm, wishing her "an arm as cracked as your soul" - and only then sees the ghastly face, an unexpectedly young face.

Thomas has married young Gertrude (Kathryn Harcourt), and Rhoda discovers that this is the haunting lady. The curse was an effective one; Ger-

Thomas Allen as The Forester in Bill Bryden's new production of Janáček's *The Cunning Little Vixen*

## A triumph for the Vixen

**T**HE ROYAL Opera's new *Cunning Little Vixen* production closes on a beautiful image - forest-creatures and Forester joined hand in hand. Strictly speaking it is not licensed by the text. (The libretto simply says, "Absent-mindedly the Forester lets his gun slip to the ground.") But it was justified by Thursday's performance, which trained its considerable theatrical zest and dexterity directly upon the central theme of Janáček's opera - the inextricable con-

nection, un sentimental and organic, between man and nature. In Simon Rattle's conducting, Bill Bryden's staging, William Dudley's designs, Robert Bryn's lighting and Stuart Rogers' "control of animal movement," all closely unified, the theme is pointed up, all the way through, with light-fingered intelligence and abundant resources of simple magic. The experience is not just joyously entertaining but radiantly uplifting, and so the ending comes to seem the only possible one.

I find it hard to set down in print the feelings aroused by this opera without becoming impossibly misty-eyed and gooey - which the work itself never is, and which the production certainly never is. Many ways of re-creating Janáček's vision are possible: in Britain in the last two decades we have had Jonathan Miller's interestingly sober wooden-staked stage-pictures at Glyndebourne in the mid '70s and David Pountney's uproarious scotch-cushion fantasy (shared between the various national companies throughout the '80s), each deepening in a special way our understanding of the work's splendour.

Now, at Covent Garden, with a stage ingeniously mechanised to whirl and whizz to the seasonal rhythms of nature and the heartbeat of the score equally, the intimacy of human and animal worlds is the fine stressed, with a daring and largely successful combination of wide-eyed charm and cultural sophistication.

The large spinning wheel at stage back stands as an emblem of the Renaissance "world-view" embedded in the design concept: man and animal linked in a yoked hierarchy, with abstract-pattern trees and sliding forest props to add the appropriate

pictureque detail. Yet this is itself often set hilariously askew, and so re-examined, by the mixture of modernist detail (dragons and butterflies in early-model flying machines, touches of 1920s zanyism in the animal masks and costumes) thrown over the production like bright-coloured confetti.

The Schoolmaster's puzzled phrase "Either I have a mobile centre of gravity or the earth is rotating from East to West" seems to be the producer's motto, since the work's elatingly dotty dissolution of conventional boundaries and its profound inner sanity are so acutely conveyed on stage -

**Max Loppert**  
spends a happy evening at Covent Garden

as when, say, the wheel starts to revolve or the bottle-brush trees start to spin. The avoidance of cuteness in the animal behaviour is a blessed relief: moments of tough truthfulness are not shirked. An element of "naïve" physical theatre - the spirit of the Vixen flying on a trap, the wedding briefly occupying the whole theatre - binds the show and completes our pleasure.

This was the conductor's house debut - a triumph. He and Thomas Allen (the Forester) have been memorably on the 1977 Glyndebourne revival: the intervening years have brought both to complete mastery. Rattle's is not an abrasive, twig-snapping, thorn-scratching Vixen in the Macherian manner: every part since, every line flows. I must not suggest that his embrace of the Janáček sound-world is in any way soft or soppy, or that

it lacks grandeur or dramatic pacing (the moment of silence after the shooting of the Vixen is extraordinarily charged), simply that the glow of reconciliation and universal harmony touches every corner of the score.

Mr Allen's mature stage personality, which might be thought to have grown too noble and civilised for the role, shows here its infinite chameleon variability. At the start he can be brusque, insensitive even, without seeming to "put it on," and he grades the characterisation to reach the glories of the opera's final pages, gloriously sung, with unobtrusive naturalness. The human world is altogether quite brilliantly depicted. Grylls Howell (Parson/Badger) and Robert Tear (Schoolmaster/Teacher) have a foot in both worlds, and straddle the opera with faultless taste and style. Mr Tear's disappointed lover is heart-breaking, especially in counterpoint with Nicholas Fawcett's curiously vigorous, full-voiced Poscher.

Lillian Watson gives a delightful, physically zippy, vocally pungent account of the title role without, as yet, capturing the core of the opera as in their different ways Emma Beames and Helen Field have done. It needs to be scaled and projected a touch more forwardly (worlds particularly). The Fox (correctly female-cast, as are hens and cock) of that admirable mezzo Diana Montague seems to have been characteristically overpowered by the high notes. No doubt these and other points will be addressed at the remaining performances: it must be noted that the first (at Midland Bank Prom) was one of the happiest evenings of the House in years, and that the use of an English translation and absence of surtitles were surely not unrelated to its communicative intensity.

## Hot Fudge and Icecream

**C**ARYL CHURCHILL's *Icecream* arrives at Manchester's Contact theatre by way of a Royal Court premiere, a winsome, disjointed piece which strings a series of scenes into a comedy about the perils of US-style ancestor hunting. That, of course, is not all there is to it and one looks to *Hot Fudge*, its 25-minute companion-piece receiving its premiere here, for clues as to its underlying purport.

*Hot Fudge* is an even slighter, which opens with a family of hoodlums sitting in their local, discussing the advances in crime techniques. Dad was a bank robber in the good old days when cashiers stuck-up without quibble and a gun was a mere formality. "I don't like plastic," he tells his credit card salesman. Dad's wife tries to persuade him to adopt her new-age strategies.

From this scene it emerges that Ruby, one of the clan, is in love and in two minds as to whether to continue her criminal career. Subsequent scenes reveal Ruby's relationship with a gangly would-be yuppie, her lies sublimated in the stories of her exclusive travel agency. In a final encounter of scorching desolation it emerges that he too is lying - that both are lonely inadequate.

*Hot Fudge*, then, is about redundancy, concealed identity and criminalisation by a society which is revealed through snapshots of cocktail circuit. *Icecream*, too, features crime - two murders committed with breathtaking casualness by the rediscovered English relatives of American tourists Vera and Lance. A

landlord is shot; a libidinous university professor is pushed over a cliff. Both are entrenched members of "the Establishment" but neither corpse is - to our knowledge - discovered.

The murders - like the pilfering of the earlier play - belong to a moral no-man's land outside the terms and references of contemporary society in a way that is incomprehensible to the suburban Americans, who react first with terror, then with cliché, and finally by metamorphosing it into an adventure story to be recounted to admiring friends.

Suddenly one realises that Churchill has come up with an elliptical equivalent to Gregory Motton's nightmare vision of an unassimilable underbelly of society. But where Motton (ambiguously *Downfall*) fights with the bludgeon, Churchill chooses the rapier. It is all deceptively civilised, deceptively superficial - a quality emphasised in direction by James Macdonald which is cool, contained, and acted with a steel-edged precision.

Anna Savva, an actress who is maturing nicely, gives full rein to a voice which ranges from Ruby's quiet inadequacy to the crackle of a cosy old Southern States ma. Pearce Quigley and Sharon Munir, dangerously mercurial, are the antithesis to the ingenious openness of Gillian Hanna's and Chris Hunter's Americans. The versatile Roger Frost weaves a social environment around them. All are scrupulously muted as befits a couple of plays which, quite deliberately, choose to tackle a major theme in a minor key.

Claire Armistead

## Plowright solo

**T**EN YEARS have passed since Rosalind Plowright enjoyed her first major successes in this country. In the intervening years she has sung roles many and varied in numerous cities of the world, buffeted by the fortunes of international opera without ever really finding a home port where she can nurse and further her art in peace.

As her last couple of appearances at Covent Garden have been scuppered by the producers, it was a good opportunity to catch her on Thursday night in a solo operatic concert at the Barbican, where the voice could set the scene for itself. For this Plowright soprano is well suited, as it is fabulously well furnished with shadings and colours, a voluminous voice that can stir itself to grand opera heights, when it is at all throbbing.

Nonetheless, the first half made a slow start. "Tu che invoco" from Spontini's *La Vestale* was negotiated with care and left the feeling that nerves were restricting both voice and involvement. There was more intensity in the prison scene from Boito's *Meistersinger* thanks to some dark and oppressive tone colours, but in the *Meistersinger* Plowright gave the impression that she was inside the music.

After the interval the Willow Song and Ave Maria from *Otello* gave us some beautiful Verdi singing. This singer has some marvellously luminous tones, but in the *Otello* she did not seem to be working so hard at the music, rather than commanding a role as it is hers by right.

In all the operatic extracts the London Symphony Orchestra under Kent Nagano offered a splendid accompaniment, the rest of the evening was spent with Respighi's *Tricorno* and the *Chant du rossignol* by Stravinsky.

Richard Fairman

Intense verbal expression. The repeated "Ahi" at the beginning of *Didio's* farewell in *Les Troyens* can be more fascinating, quietly dignity doesn't make quite enough room for womanly passion. In "Pleurez, mes yeux" from Massenet's *Le Cid*, a lovely aria which tempts some sopranos over the top, that same dignity is a gain. In an excerpt from Massenet's *Sapho*, Plowright realises the teasing line which must so snugly have fitted the style of the first Sapho, Emma Calvé. But is she a little too grand? Excellent accompaniments from the Montpelier Philharmonic under Cyril Diederich.

Crespin herself is to be heard in the CD release of the 1968 highlights from *Les Troyens*, with Georges Petre conducting the orchestra and chorus of the Paris Opéra (EMI CD 7 63480 2). The grandeur and passionate declamation of Crespin's Cassandra are unlikely to be surpassed in our day. She is impressive too in *Didio's* farewell. In the wonderful sequence of quintet, septet and love duet one misses oriental languor - this royal lady would surely have said to her fate-torn lover "To hell with Italy!" The *Aeneas* of Guy Chauvet is likeable and, in his big aria, estimable. The chorus women too give a rare plausibility to the wallings in *Troy*; the timbre of the (presumably) saxophones in the "Chasse royale" is strange to our ears. Worth snapping up in spite of barbarous cuts.

Ronald Crichton

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